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Workers' Compensation 2000 Annual Report

Employment Relations Division
MONTANA DEPARTMENT OF LABOR & INDUSTRY

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Cover Photo's
Top: Western Energy Company– Coal Dryer
Left: Spring Creek Coal Company– Coal Shovel
Right: Spring Creek Coal Company– 200 Ton Coal Truck

Photo's are courtesy of Bill Schwarzkoph, Mine Inspector, Safety & Health Bureau

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Executive Summary

Listed below are the highlights found in the 2000 Montana Workers' Compensation Annual Report, from the data. This report contains information about Montana's workers' compensation system, injury statistics and characteristics, benefits paid to claimants and payments made by insurers to others in the system, dispute resolution, and miscellaneous regulatory programs and functions.

Claims Statistics 11-22

There were 32,720 claims reported in FY00 compared with 31,656 reported in FY99. This is an increase of 3.4% from FY99. The number of claims reported by the State Fund remained fixed while claims reported by private carriers increased by 9.8%. Claims reported by self-insurers decreased 6.2% from FY99.

The service industry was responsible for 24.6% of all claims reported in FY00. Retail trade had the second largest percentage of claims, 14.6%.

From FY96 to date, the percentage of males reporting work related injuries has held steady at approximately two-thirds of all cases reported. In other words, for every claim filed by a female, males filed approximately two.

The typical injured worker is male, employed in a service industry, and suffering a strain or sprain to an upper extremity.

Benefits.....23-32

The total indemnity (wage loss) and medical benefits paid in FY00 was $155,122,499 compared to $139,568,077 in FY99. This is an increase of $15,554,422 or 11.1%.

There was an upward trend in both indemnity and medical benefit payments by private carriers (plan 2), while payments by the State Fund (plan 3) and self-insurers (plan 1) remained static.

The payment information reported to the Department of Labor & Industry on subsequent reports is for indemnity claims only. The date of injury, and average payment and duration by benefit type, are calculated to present a comparison between benefits over time. This year's presentation contains data from claims closed during one year. The Department cautions readers against making comparisons or reaching conclusions based solely on this data.

Average settlement amounts have been decreasing since 1987, corresponding to legislative reductions in benefits to injured workers.

In FY00, attorneys represented injured workers in 2.5% of all claims reported, but attorneys represented injured workers in 51% of all claims settled in FY00.

Analysis of Wage Replacement Benefits..... 33-44

A special closed claim study by Insurance Services Office, Inc., analyzed wage replacement benefits in Montana from FY95 to FY00. The data, provided by the Employment Relations Division (ERD), were gathered from subsequent reports and settlement petitions.

Wage benefits received by workers' compensation claimants replace an average of 50.9% of pre-injury gross wages. Temporary Total (TTD) claims have the highest wage replacement rate (60.0%) relative to other injury types. Female claimants have a higher average wage replacement rate (58.9%) than male claimants (45.0%). This is due in part to the fact that the average salary for female claimants is lower than for male claimants. Claimants with lower pre-injury wage levels are less affected by the maximum benefit threshold and thus will have a higher replacement rate of lost wages.

Workers in the finance and services industries have the highest wage replacement rates of all industries, whereas workers in the construction and mining industries exhibit the lowest. These results are driven by a strong negative correlation between the average wage level in an industry and the wage replacement rate.

Dispute Resolution..... 45-64

The Claims unit of the Employment Relations Division is responsible for the occupational disease (OD) panel process. In FY00, 192 OD cases were processed.

The number of mediation petitions received in FY00 rose 7.2% from FY99. Mediation resolved approximately 78% of its cases over the past 5 years. In FY00, mediation took an average of 38 days to complete a case for which a conference was held and a written recommendation issued.

The Hearings Bureau received 31 petitions for contested case hearing in FY00, a decrease of 55% from FY99. The Hearings Bureau closed or settled 38 petitions in FY00.

The Workers' Compensation Court received 255 petitions, dismissed 175 petitions, and issued 66 decisions in FY00.

Cost of Regulatory Functions.....56

The cost of administering the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment to the Plan 1, Plan 2, and Plan 3 insurers. The cost of the regulatory functions in FY00 was $3,954,650. Beginning in FY2000, a new process was instituted and each insurer was assessed 3% of benefits paid.

Subsequent Injury Fund.....57

Subsequent Injury Fund (SIF) payments in FY00 for all dates of injury were $58,944. There were 200 new SIF certifications during FY00 resulting in a total of 2,693 certified employees in the state of Montana.

Uninsured Employers Fund (UEF).....58-59

Over $1,760,000 in penalties was assessed against uninsured employers in FY00. Approximately $1,580,000 in penalties was collected by the UEF unit in FY00 compared with collections in FY99 of $1,077,146.

In FY00, the UEF unit received 87 new claims. The UEF unit paid injured workers a total of $497,201 in medical and wage loss benefits in FY00.

Occupational Safety & Health.....60-61

The Safety & Health Bureau completed 250 mandatory inspections of public employers and 207 on-site inspections of private employers. There were 32 coal mining inspections performed and 160 metal/nonmetal-mining inspections.

There were 58 formal training sessions conducted by the Bureau in FY00. The number of public sector workers trained in FY00 totaled 572, while the number of private sector workers trained in FY00 totaled 608.

Independent Contractor Exemptions.....62

In FY00 there were 4,824 new independent contractor exemptions issued, 1,400 renewals, and a total of 24,637 active independent contractors. The construction industry accounted for approximately 53% of all independent contractors.

> An individual who meets the definition of an independent contractor may apply for an exemption from obtaining workers' compensation insurance coverage as an individual.

Professional Employer Organizations (PEOs).....63

In order to become licensed as a PEO, an application must be submitted which includes proof of workers' compensation coverage. Currently, the department has licensed 15 PEOs. These PEOs represent 351 Montana clients, which in an increase of 21% since FY96.

Montana's Workers' Compensation System . . .

Declaration of Public Policy

Insurance - Who's Covered, Who's Not

How is Montana's Workers' Compensation System Administered?

Montana Workers' Compensation Market

Significant Court Cases from 2000

Declaration of Public Policy[1]

It is an objective of the Montana workers' compensation system to provide, without regard to fault, wage supplement and medical benefits to a worker suffering from a work-related injury or disease. Wage-loss benefits are not intended to make an injured worker whole, they are intended to assist the injured worker at a reasonable cost to the employer. Within that limitation, the wage-loss benefit should bear a reasonable relationship to actual wages lost as a result of a work-related injury or disease.

A worker's removal from the work force due to a work-related injury or disease has a negative impact on the injured worker, the injured worker's family, the employer, and the general public. It is therefore, an objective of the workers' compensation system to return an injured worker to work as soon as possible after the worker has suffered a work-related injury or disease.

Montana's workers' compensation and occupational disease insurance systems are intended to be primarily self-administering. Claimants should be able to obtain benefits speedily, and employers should be able to provide coverage at reasonably constant rates. To meet these objectives, the system must be designed to minimize reliance upon lawyers and the courts to obtain benefits and interpret liabilities.

Title 39, chapters 71 and 72 (Workers' Compensation Act and the Occupational Disease Act), must be construed according to their terms and not liberally in favor of any party.

It is the intent of the legislature that stress claims, often referred to as "mental-mental claims" and "mental-physical claims", are not compensable under Montana's workers' compensation and occupational disease laws. The legislature recognizes that these claims are difficult to verify objectively and that the claims have a potential to place an economic burden on the workers' compensation and occupational disease system. The legislature also recognizes that there are other states that do not provide compensation for various categories of stress claims and that stress claims have presented economic problems for certain other jurisdictions. In addition, not all injuries are compensable under the present system, as is the case with repetitive injury claims, and it is within the legislature's authority to define the limits of the workers' compensation and occupational disease system.

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[1] MCA 39-71-105

Insurance - Who's Covered, Who's Not

If you are an employer or an employee, the Workers' Compensation Act applies to you. An employer who has an employee in service under any appointment or contract of hire, expressed or implied, oral or written, must elect to be bound by the provisions of compensation Plan 1 (self-insured), Plan 2 (privately insured), or Plan 3 (State Fund).

Employment Exempted[2]

The Workers' Compensation Act and the Occupational Disease Act do not apply to any of the following employments:

- Household and domestic employment
- Casual employment
- Dependent member of an employer's family for whom an exemption may be claimed by the employer under the federal Internal Revenue Code
- Sole proprietors, working members of a partnership, working members of a limited liability partnership, or working members of a member-managed limited liability company
- Broker or salesperson performing under a license issued by the Board of Realty
- A direct seller
- Employment for which a rule of liability for injury, occupational disease, or death is provided under the laws of the United States
- A person performing services in return for aid or sustenance only
- Volunteers
- Employment with a railroad engaged in interstate commerce
- An official, including a timer, referee, or judge, at a school amateur athletic event
- A person performing services as a newspaper carrier or freelance correspondent
- Cosmetologist's services and barber's services
- A person who is employed by an enrolled tribal member or an association, business, corporation, or other entity that is at least 51% owned by an enrolled tribal member or members, whose business is conducted solely within the reservation
- A jockey who is performing under a license issued by the Board of Horse Racing
- An employer's spouse
- A petroleum land professional
- An officer of a quasi-public or a private corporation or manager of a manager-managed limited liability company
- A person who is an officer or a manager of a ditch company
- Service performed by an ordained, commissioned, or licensed minister of a church
- Independent Contractors

[2] MCA 39-71-401

Life of a Claim

Accidents do happen and when a Montana worker files a workers' compensation claim, the life of that claim is dictated primarily by statute. If we were to follow the typical workers' compensation claim in Montana, its progress through the workers' compensation system would be determined by the following guidelines.

Once the injury occurs, the injured worker or their authorized representative has 30 days from the date of injury to notify the employer (employer, managing agent or superintendent in charge of the work) or the insurer. [§39-71-603, MCA]

The employer then has six days from date of notification of an injury to report the injury to the insurer or the Department of Labor and Industry. [§39-71-307, MCA, and ARM 24.29.801]

The claimant or the claimant's representative has 12 months from the date of injury to file a claim. [§39-71-601(1), MCA] The claim filing time can be extended up to an additional two years if it can be proven that the worker was somehow prevented from filing the claim because of something the employer said or did, or if the injury was latent or the worker lacked knowledge of disability. [§39-71-601(2), MCA]

The signed claim form or First Report of Injury (FROI) (form ERD-991) can be submitted to the employer or sent directly to the insurer, the adjuster or the Department of Labor and Industry. [§39-71-601(1), MCA]

The insurer/adjuster determines compensability based on descriptions of the accident provided by the employee and employer, and the time, place and circumstances of injury. This must be done within 30 days from date of receipt of the First Report of Injury. [§39-71-606, MCA]

If further investigation is needed before the insurer accepts liability and the 30 day limitation for a decision on compensability is due to expire, the insurer/adjuster might pay wage loss and/or medical benefits without such payment being an indication of admission of liability or waiver of any right of defense. [§§39-71-608 and 39-71-615 MCA]

The first 6 days or 48 hours (whichever is less) of total wage loss is not compensable but a claimant may use sick leave or vacation leave during this time. They cannot use sick leave and receive wage loss benefits at the same time. [§39-71-736, MCA]

In addition to using an emergency room or urgent care center, the claimant has the right to select the first treating physician but the insurer must then approve changes of treating physicians. The insurer has the right to deny payment for any unauthorized medical referrals and treatments. [§39-71-1101, MCA, and ARM 24.29.1510]

The physician bills the insurer/adjuster directly. Payment is made according to a fee schedule. [§39-71-704(2) and (3), MCA] The claimant is not responsible for any unpaid balance. Some insurers require that after the initial visit the claimant pay a co-payment of 20%, not to exceed $10, for a visit to a medical service provider, or $25 for an emergency room visit. [§39-71-704(7), MCA] The claimant is responsible for payment of any unauthorized treatment and for conditions not related to the industrial injury. [ARM 24.29.1401]

Temporary total disability (TTD) benefits are based on 66 ⅔% of the claimant's average gross wages subject to a maximum of the state's average weekly wage, and are paid bi-weekly until the claimant returns to work or has reached maximum medical improvement (MMI). [§§39-71-701 and 39-71-740, MCA] If the claimant is classified as permanently totally disabled (PTD), benefits can continue until they reach retirement age. [§39-71-710, MCA]

If, prior to attaining maximum medical improvement and due to medical restrictions, the claimant returns to work at less than the wages received at the time of injury, they may be entitled to temporary partial disability (TPD) benefits to make up the difference. Temporary partial disability is limited to 26 weeks unless extended by the insurer/adjuster. [§39-71-712, MCA]

If, after reaching maximum medical improvement, the claimant has a residual impairment, greater than zero, which is a percentage of medical impairment to the whole body, the insurer/adjuster is required to pay out the permanent partial disability (PPD) liability bi-weekly, unless the claimant requests a lump sum. All unaccrued lump sum payments must be approved by the Department of Labor and Industry. [§§39-71-703 and 39-71-741, MCA]

Other future permanent partial disability liability is typically based on age, education, loss of earning capacity, and work capacity restrictions. [§39-71-703, MCA]

If the worker is precluded from returning to the time of injury job and is suffering an actual wage loss or has an impairment of at least 15%, they are eligible for rehabilitation services. The insurer/adjuster selects a rehabilitation provider and a rehabilitation plan is established with the goal of returning the claimant to work as soon as possible. During retraining, the claimant may be eligible to receive monies from a trust fund for tuition, fees, books and other reasonable and necessary retraining expenses. They may also receive biweekly benefit payments based on their temporary total disability rate. [§39-71-1006, MCA] Financial assistance is also available for reasonable travel and relocation for training and job-related expenses. [§39-71-1025, MCA]

Unless medical benefits are closed as a condition of settlement, they may remain available for at least 60 months (5 years) from the last date of service. The insurer may not be required to furnish palliative or maintenance care after the claimant has achieved maximum medical improvement.[§39-71-704(1)(e), MCA]

How is Montana's Workers' Compensation System Administered?

The Employment Relations Division provides a wide variety of services and regulation related to workers' compensation and safety.

Workers' Compensation Regulation Bureau

The **Contractor Registration Unit** ensures the business has complied with workers' compensation requirements. The law provides protection from liability for workers' compensation claims for contractors who use the service of other registered construction contractors.

The **Uninsured Employers Fund Unit** ensures employers and employees are protected under the Workers' Compensation and Occupational Disease Acts. The Unit enforces coverage requirements for all employers, pays benefits to injured workers whose employers did not have workers' compensation coverage, and manages the fund from which benefits are paid.

The **Subsequent Injury Fund Unit** administers the funds that are used to offset claim costs associated with injuries to workers with disabilities. This reduces claim liability and provides an incentive for employers to hire certified workers.

The **Medical Regulations Unit** administers a program that provides an effective and equitable method of health care cost containment. Medical fee schedules are established by the unit and utilized by insurers to reimburse medical providers.

The **Carrier Compliance Unit** monitors compliance of private workers compensation carriers. The unit also licenses professional employer organizations and processes extraterritorial agreements.

The **Independent Contractor Central Unit** issues decisions on employment relationships for the Department of Revenue, Labor Standards, Unemployment Insurance, and Workers' Compensation Compliance. The unit also issues Independent Contractor (IC) Exemptions.

Claims Assistance Bureau

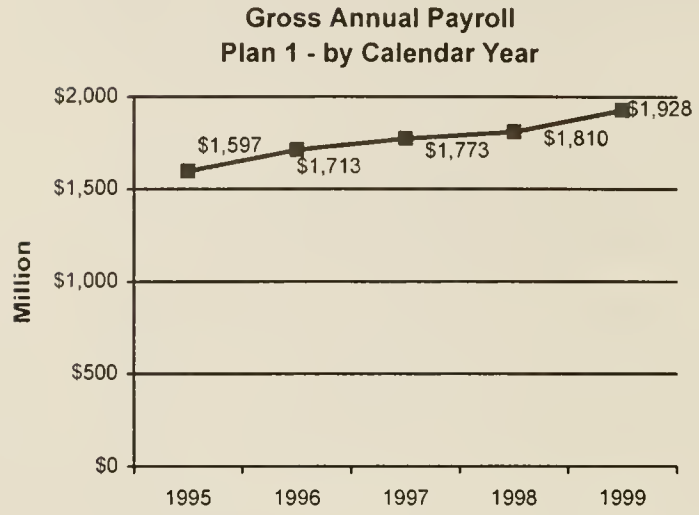
The **Claims Unit** ensures compliance with the workers' compensation and occupational disease laws relating to benefits and claims. The unit also regulates attorney fees, administers the occupational disease panel process, and provides assistance to insurers, attorneys and injured workers.

The **Data Management Unit** enters data on new claims, tracks policy coverage, maintains the workers' compensation database system and provides a comprehensive annual report on workers' compensation to the governor and the legislature.

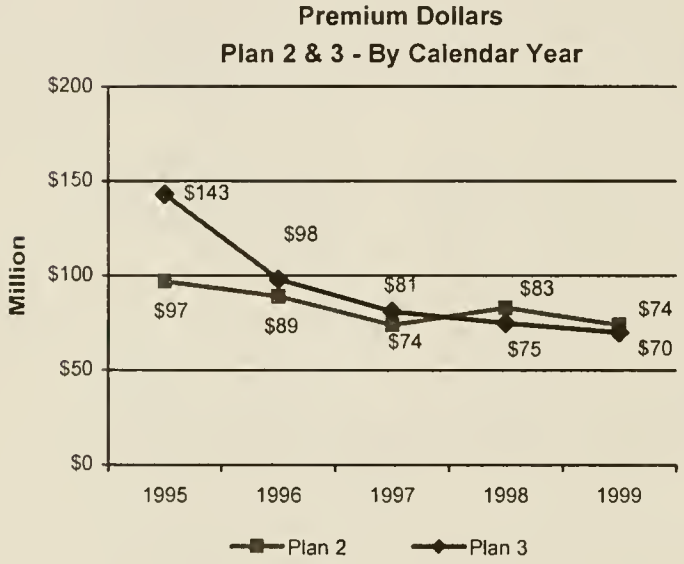
The **Mediation Unit** provides an alternative method of resolving workers' compensation benefit disputes before the dispute goes to the Workers' Compensation Court. This is a mandatory non-binding process.

Occupational Safety & Health Bureau

The **Occupational Safety & Health Bureau** conducts inspections of public employers, performs on-site consultations for private employers and inspects coal mines and sand and gravel operations throughout the state. The Bureau provides safety and occupational health training for both public and private employers.



Plan 1 employers pay no premium.



Montana employers have several options for obtaining workers' compensation coverage for their employees.

Employers with sufficient cash reserves may qualify as self-insured (Plan 1) either individually or by joining with other employers in their industry to form a self-insured group. Montana currently has 44 individual self-insurers, 4 private groups, and 4 public groups.

Employers who do not self-insure have two options:

- They may obtain coverage with private insurance companies (Plan 2) in the voluntary market. Three hundred fifteen private insurance companies wrote workers' compensation insurance in Montana in calendar year 2000.
- They can insure through Montana's State Compensation Mutual Insurance (State Fund)(Plan 3). As the insurer of last resort, the State Fund assures all Montana employers can provide workers' compensation insurance for their employees.

The change in Montana's market share is reflected in the table below.

Distribution of Market Share
by Plan & by Calendar Year

Calendar Year	1995	1996	1997	1998	1999
Plan 1 – Payroll	$1,597,336,997	$1,713,291,665	$1,773,148,488	$1,810,313,984	$1,927,960,055
Plan 2 – Premium	$97,572,966	$89,893,661	$74,615,961	$83,274,441	$74,142,380
Plan 3 – Premium	$143,275,000	$98,270,000	$81,057,000	$75,177,196	$70,422,976

Significant Court Cases From 2000

HARRY DARRAH V. ASARCO, INCORPORATED

Claimant not entitled to reinstatement of temporary total disability benefits during union strike of East Helena Asarco plant. Prior to the strike he was working in a modified position pursuant to section 39-71-701(4), MCA (1997), which provides that where the modified job is "no longer available for any reason" the worker requalifies for temporary total disability benefits. The Court previously ruled that the claimant's unwillingness to cross picket lines did not make the job unavailable (see 1999 MTWCC 65) and trial evidence failed to establish that the job he had been performing was in fact unavailable or illusory. To the contrary, the evidence showed that claimant could have continued to work in the identical position had he crossed picket lines.

CHARLES FISCH V. STATE COMPENSATION INSURANCE FUND

THOMAS FROST V. STATE COMPENSATION INSURANCE FUND
ALEXIS RAUSCH V. STATE COMPENSATION INSURANCE FUND

The claimant in each of these three cases is permanently totally disabled and seeks an impairment award in addition to the permanent total disability (PTD) benefits he is receiving.

The 1991 law applies to one claimant and the 1997 law to the other two. Under both laws, the Court is unable to find the authority for the awards. Since claimants cannot work at all, they are not permanently partially disabled (PPD) and are ineligible for impairment awards payable to PPD claimants. The 1997 law claimants are not entitled to an impairment award as provided under section 39-71-703(2), MCA, as that entitlement is for claimants suffering impairments but no wage loss, and they have suffered a wage loss. Language is section 39-71-703(1) (1991 and 1997), MCA, which authorizes PPD benefits where a worker "is no longer entitled to temporary total or permanent total disability benefits" must be read together with the further requirement that the claimant must also be PPD. Section 39-71-737, MCA, concerning concurrent and consecutive payment of benefits does not create an entitlement to an impairment award or any other new benefits, it applies only to benefits which are payable under other sections. Language authorizing payment of an impairment award upon retirement, section 39-71-710, MCA also does not create any new entitlement to an impairment award. It simply continues the liability for an impairment award due under other sections.

The Court reserved the constitutional challenge to any denial of impairment awards to PTD claimants for further briefing and argument.

PETER R. SHERNER and DEBORAH SHERNER V. CONOCO

This is a Supreme Court appeal of a District Court ruling concerning the exclusive remedy provisions of the Workers' Compensation Act. The issue on appeal was what standard should be used to determine whether an employer's act or omission is "intentional and malicious". In this decision the Supreme Court adopts a new standard applying the plain language of the statute and the definition of "actual malice" found in § 27-2-221(2), MCA.

ANNETTE FLINK V. AMERICAN ALTERNATIVE INSURANCE COMPANY

The Supreme Court reversed the decision of the Workers' Compensation Court which denied claimant's request for adjustment of her average weekly wage to include overtime hours, holding that a guarantee of overtime hours is not required. It remanded the case for determination of the number of hours which should be included. The Workers' Compensation Court held that the best measure of overtime hours is the overtime hours worked by the employee who ultimately replaced the claimant.

* These case summaries, with the exception of the Sherner case, are taken from the Workers' Compensation Court web site found at: http://wcc.dli.state.mt.us. The Sherner case can be found on the Supreme Court web site at: http://www.lawlibrary.state.mt.us

Claims Statistics . . .

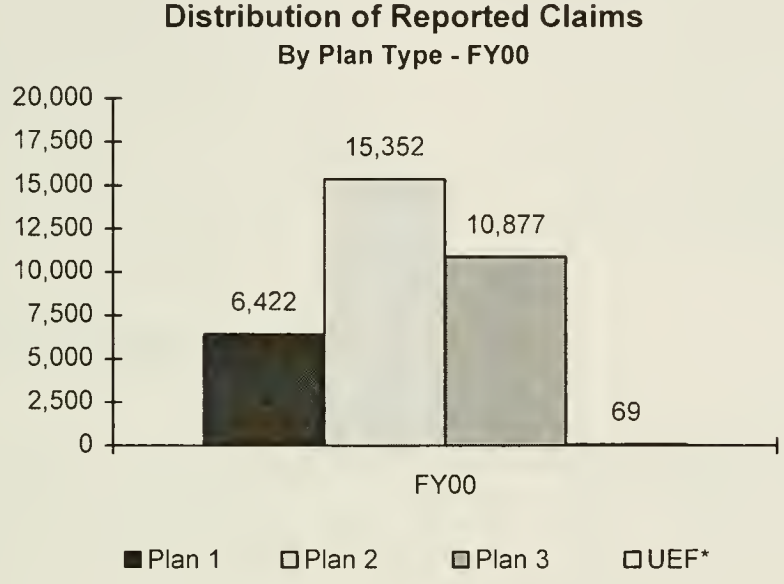
Comparison of Claims by Plan Type

Injured Worker Characteristics

Insurer Denial of Claims

Comparison of Claims by Plan Type

This section provides the most current statistical summary available on the status of Montana's workers' compensation system. This section is based on the First Report of Injury and includes indemnity and medical only claims.



Notes:
The number of total claims is continually changing.
*UEF means Uninsured Employers Fund.
FY means Fiscal Year, the period of time between July 1 and the succeeding June 30.

Distribution of Reported Claims
By Plan Type

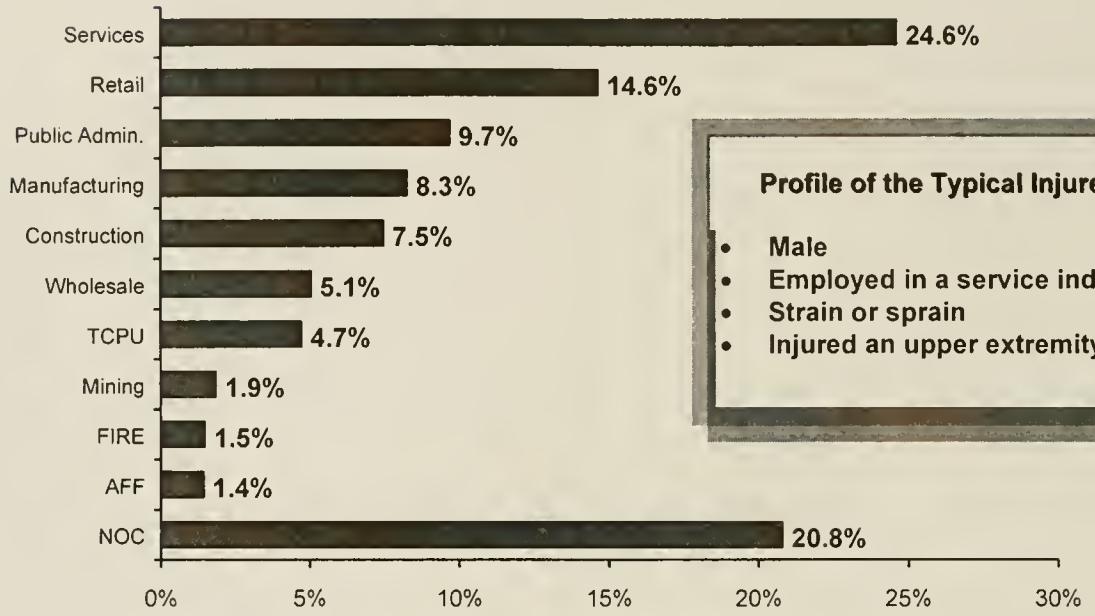
	FY96		FY97		FY98		FY99		FY00	
Plan Type	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Plan 1	6,705	20.5%	7,967	23.6%	7,409	23.2%	6,847	21.6%	6,422	19.6%
Plan 2	10,562	32.2%	12,228	36.2%	13,665	42.8%	13,975	44.1%	15,352	46.9%
Plan 3	15,353	46.9%	13,470	39.9%	10,736	33.6%	10,743	33.9%	10,877	33.2%
UEF	148	0.5%	130	0.4%	127	0.4%	91	0.3%	69	0.2%
*Total**	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes:
UEF means Uninsured Employers Fund.
FY means Fiscal Year, the period of time between July 1 and the succeeding June 30.
*Column may not sum 100% due to rounding.

Injured Worker Characteristics

Percent Distribution of Claims By Standard Industrial Classification[1]

Date of Injury - FY00



Profile of the Typical Injured Worker

- Male
- Employed in a service industry
- Strain or sprain
- Injured an upper extremity

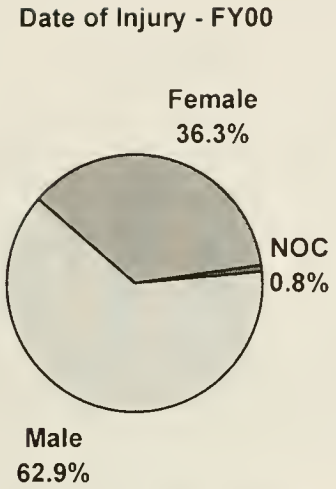
Notes:
TCPU means Transportation, Communication & Public Utilities.
AFF means Agriculture, Forestry & Fishing
FIRE means Finance, Insurance & Real Estate.
NOC means Not Otherwise Classified.
[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987.*

Rank-Order Distribution of Claims By Standard Industrial Classification Major Groups

	FY96		FY97		FY98		FY99		FY00	
Standard Industrial Classification[1]	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Services	8,914	27.2%	10,331	30.6%	8,937	28.0%	8,061	25.5%	8,047	24.6%
Retail	5,852	17.9%	5,100	15.1%	4,614	14.5%	4,532	14.3%	4,786	14.6%
Public Administration	2,910	8.9%	3,123	9.2%	2,902	9.1%	3,165	10.0%	3,166	9.7%
Manufacturing	3,330	10.2%	3,264	9.7%	2,993	9.4%	2,788	8.8%	2,699	8.3%
Construction	2,565	7.8%	2,393	7.1%	2,616	8.2%	2,386	7.5%	2,443	7.5%
Wholesale	1,846	5.6%	1,726	5.1%	1,471	4.6%	1,419	4.5%	1,653	5.1%
Transportation, Communication & Public Utilities	1,552	4.7%	1,744	5.2%	1,531	4.8%	1,397	4.4%	1,549	4.7%
Mining	878	2.7%	866	2.6%	709	2.2%	717	2.3%	607	1.9%
Finance, Insurance & Real Estate	454	1.4%	519	1.5%	526	1.7%	480	1.5%	483	1.5%
Agriculture, Forestry & Fishing	572	1.8%	524	1.6%	508	1.6%	492	1.6%	470	1.4%
All Other Specific Claims, NOC	3,895	11.9%	4,205	12.4%	5,130	16.1%	6,219	19.7%	6,817	20.8%
Total*	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes: *Column may not sum 100% due to rounding.
NOC means Not Otherwise Classified.
[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987.*
Some counts may vary slightly due to corrections in SIC codes from insurers.

Percent Distribution of Claims By Gender



Notes: NOC means Not Otherwise Classified.

Spring Creek Coal Company - Operators Cab

Distribution of Reported Claims By Gender

Gender	FY96		FY97		FY98		FY99		FY00	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Female	11,754	35.9%	12,672	37.5%	11,795	37.0%	11,725	37.0%	11,877	36.3%
Male	20,818	63.5%	21,003	62.2%	20,071	62.9%	19,840	62.7%	20,586	62.9%
All Other Claims, NOC	196	0.6%	120	0.4%	71	0.2%	91	0.3%	257	0.8%
Total	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes:
*Columns may not sum 100% due to rounding
NOC means Not Otherwise Classified

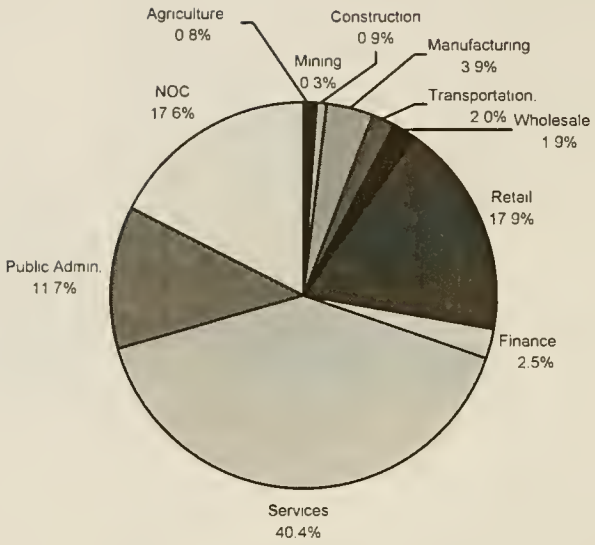
Standard Industrial Classification by Gender Date of Injury – FY00

Standard Industrial Classification[1]	Female		Male		Row Totals	
	Count	Percent	Count	Percent	Count	Percent
Agriculture, Forestry & Fishing	99	0.8%	371	1.8%	470	1.4%
Mining	31	0.3%	572	2.8%	603	1.8%
Construction	111	0.9%	2,324	11.3%	2,435	7.4%
Manufacturing	461	3.9%	2,222	10.8%	2,683	8.2%
Transportation, Communication & Public Utilities	241	2.0%	1,298	6.3%	1,539	4.7%
Wholesale Trade	222	1.9%	1,423	6.9%	1,645	5.0%
Retail Trade	2,122	17.9%	2,599	12.6%	4,721	11.4%
Finance, Insurance & Real Estate	301	2.5%	179	0.9%	480	1.5%
Services	4,804	40.4%	3,158	15.1%	7,962	24.3%
Public Administration	1,390	11.7%	1,766	8.6%	3,156	9.7%
NOC Gender codes	0	0.0%	0	0.0%	257	0.1%
NOC SIC codes	2,095	17.6%	4,674	22.7%	6,769	20.7%
Total	***11,877***	***100%***	***20,586***	***100%***	***32,720***	***100%***

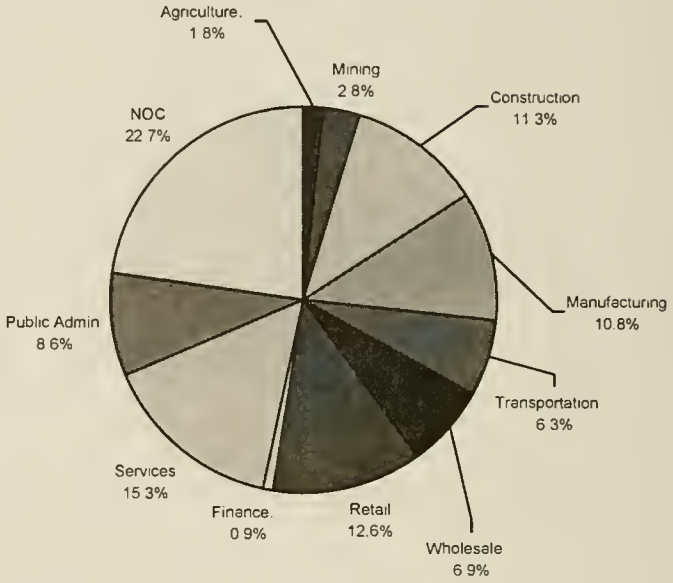
Notes:
*Columns may not sum 100% due to rounding.
Total number of claims is 32,720, 257 claims had nonclassified Gender codes
[1]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987.*
NOC means Not Otherwise Classified.

Distribution of Claims by Gender
For all Standard Industrial Classification Categories

Date of Injury – FY00



Female



Male

Notes: NOC means Not Otherwise Classified.

Distribution of Claims by Gender
For all Standard Industrial Classification Categories
Date of Injury – FY00

Standard Industrial Classification	Female		Male	
	Count	Percent	Count	Percent
Agriculture, Forestry & Fishing	99	0.8%	371	1.8%
Mining	31	0.3%	572	2.8%
Construction	111	0.9%	2,324	11.3%
Manufacturing	461	3.9%	2,222	10.8%
Transportation, Communication & Public Utilities	241	2.0%	1,298	6.3%
Wholesale Trade	222	1.9%	1,423	6.9%
Retail Trade	2,122	17.9%	2,599	12.6%
Finance, Insurance & Real Estate	301	2.5%	179	0.9%
Services	4,804	40.4%	3,158	15.3%
Public Administration	1,390	11.7%	1,766	8.6%
NOC SIC codes	2,095	17.6%	4,674	22.7%
Total	***11,877***	***100%***	***20,586***	***100%***

Notes:

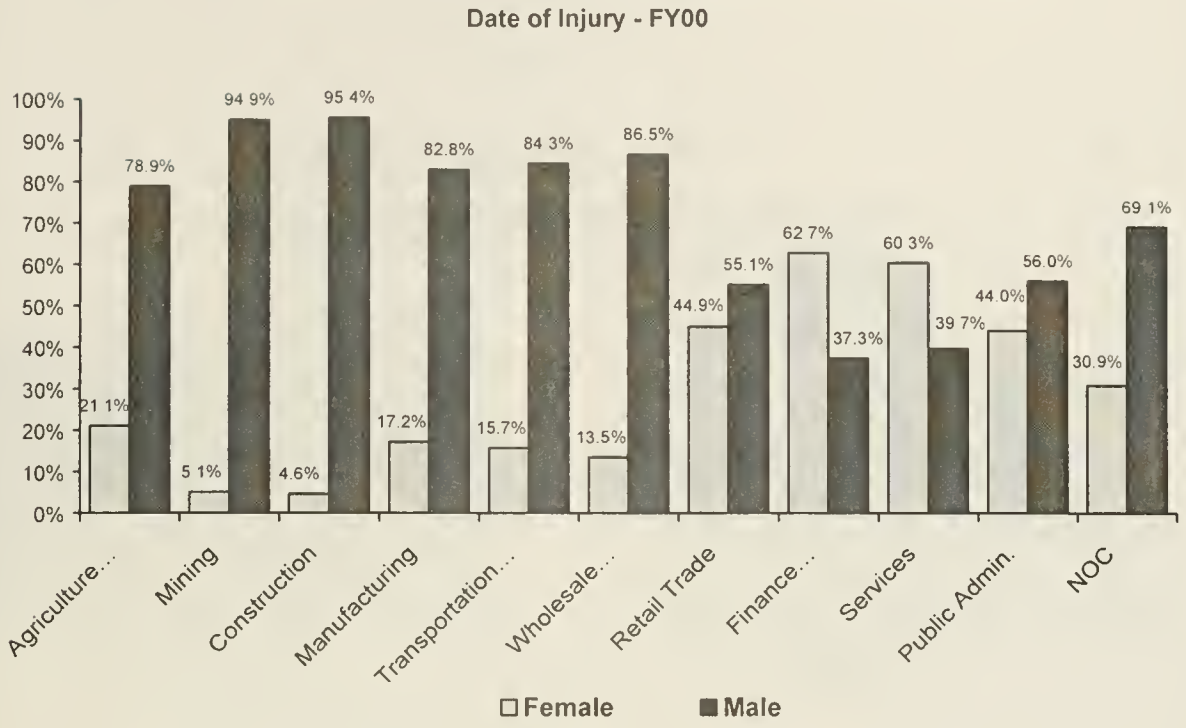
* Columns may not sum 100% due to rounding.

Total number of claims is 32,720. 257 claims had nonclassified Gender codes.

Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987.*

NOC means Not Otherwise Classified.

Percent Distribution of Claims by Gender and by Standard Industrial Classification



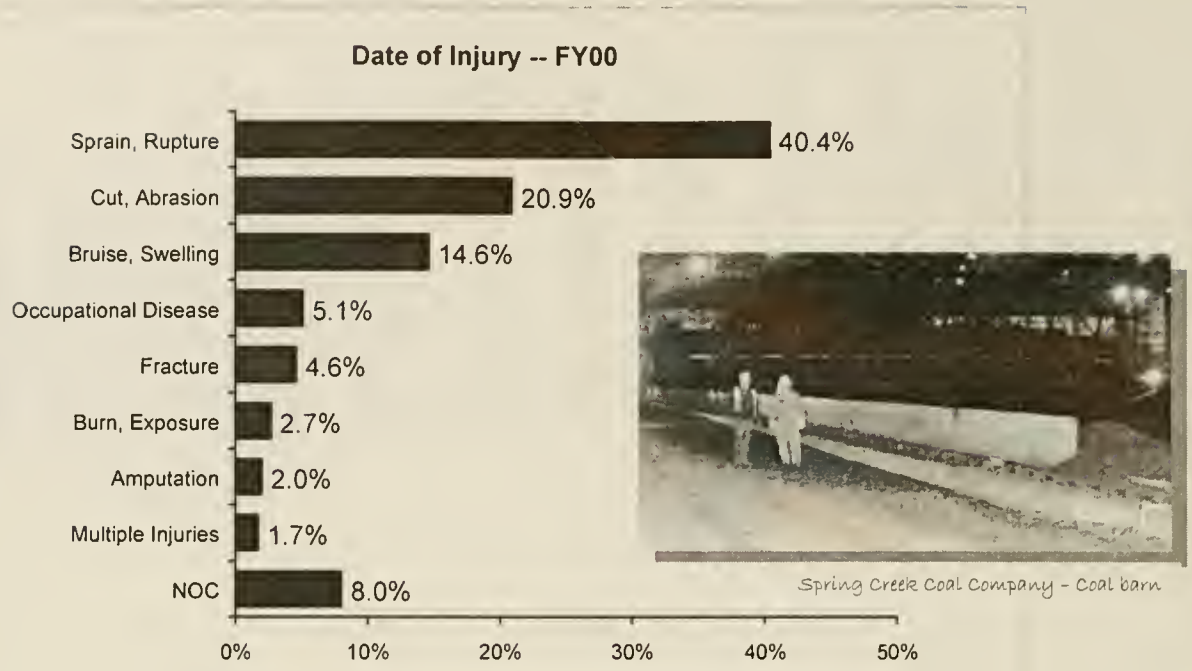
Notes:
NOC means Not Otherwise Classified.

Percent Distribution of Claims[1] by Gender and by Standard Industrial Classification Date of Injury – FY00

Standard Industrial Classification[2]	Female		Male		Totals	
	Count	Percent	Count	Percent	Count	Percent*
Agriculture, Forestry & Fishing	99	21.1%	371	78.9%	470	100%
Mining	31	5.1%	572	94.9%	603	100%
Construction	111	4.6%	2,324	95.4%	2,435	100%
Manufacturing	461	17.2%	2,222	82.8%	2,683	100%
Transportation, Communication & Public Utilities	241	15.7%	1,298	84.3%	1,539	100%
Wholesale Trade	222	13.5%	1,423	86.5%	1,645	100%
Retail Trade	2,122	44.9%	2,599	55.1%	4,721	100%
Finance, Insurance & Real Estate	301	62.7%	179	37.3%	480	100%
Services	4,804	60.3%	3,158	39.7%	7,962	100%
Public Administration	1,390	44.0%	1,766	56.0%	3,156	100%
NOC SIC codes	2,095	30.9%	4,674	69.1%	6,769	100%
NOC Gender codes	0	0%	0	0%	257	100%

Notes:
* Columns may not sum 100% due to rounding.
[1]Total number of claims is 32,720.
[2]Source: Office of Management and Budget, *Standard Industrial Classification Manual 1987.*
NOC means Not Otherwise Classified.

Percent Distribution of Claims
By Nature of Injury



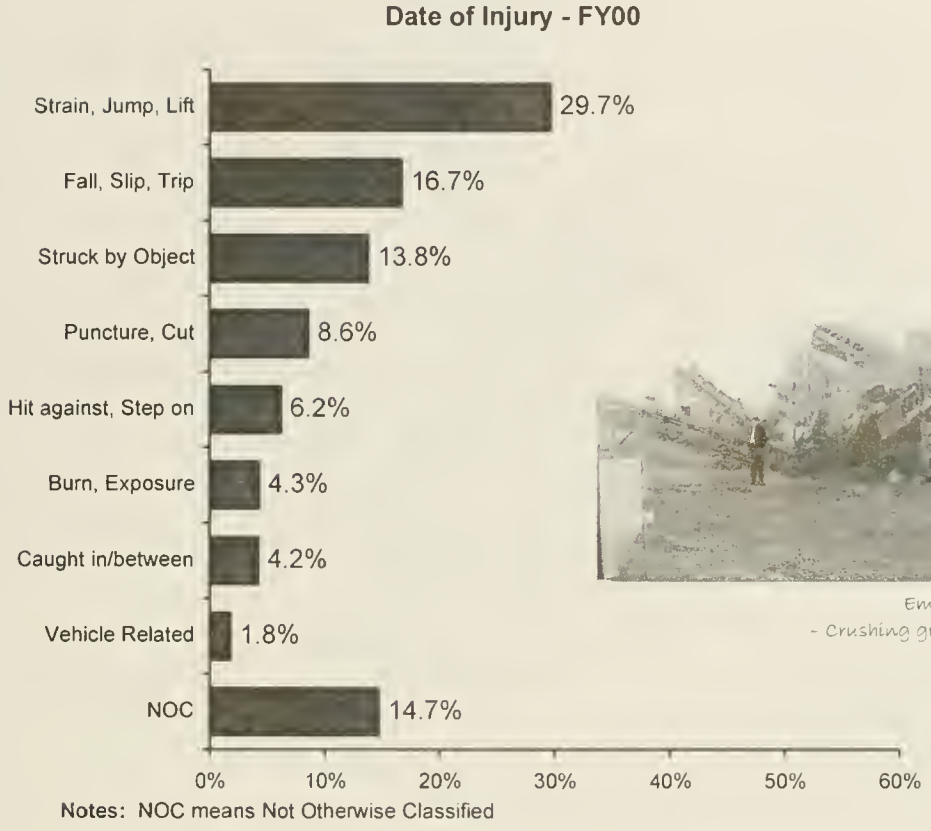
Notes: NOC means Not Otherwise Classified.

Rank-Order Distribution
By Nature of Injury

	FY96		FY97		FY98		FY99		FY00	
Nature of Injury[1]	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Sprain, Rupture	11,726	35.8%	12,235	36.2%	12,218	38.3%	12,148	38.4%	13,204	40.4%
Cut, Abrasion	7,905	24.1%	7,495	22.2%	7,283	22.8%	6,562	20.7%	6,829	20.9%
Bruise, Swelling	4,461	13.6%	4,830	14.3%	4,537	14.2%	4,321	13.6%	4,786	14.6%
Occupational Disease	1,559	4.8%	1,748	5.2%	1,483	4.6%	1,874	5.9%	1,662	5.1%
Fracture	1,510	4.6%	1,525	4.5%	1,509	4.7%	1,448	4.6%	1,513	4.6%
Burn, Exposure	1,096	3.3%	1,098	3.2%	914	2.9%	871	2.8%	896	2.7%
Amputation	70	0.2%	87	0.3%	255	0.8%	750	2.4%	656	2.0%
Multiple Injuries	129	0.4%	154	0.5%	582	1.8%	804	2.5%	544	1.7%
All Other Claims, NOC	4,312	12.2%	4,623	13.7%	3,156	9.9%	2,878	9.1%	2630	8.0%
Total	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes:
*Column may not sum to 100% due to rounding.
NOC means Not Otherwise Classified.
[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC) - Electronic Data Interchange (EDI) definitions.
Some fiscal year counts may vary slightly from previous reports due to corrections from insurers.

Percent Distribution of Claims
By Cause of Injury



Notes: NOC means Not Otherwise Classified

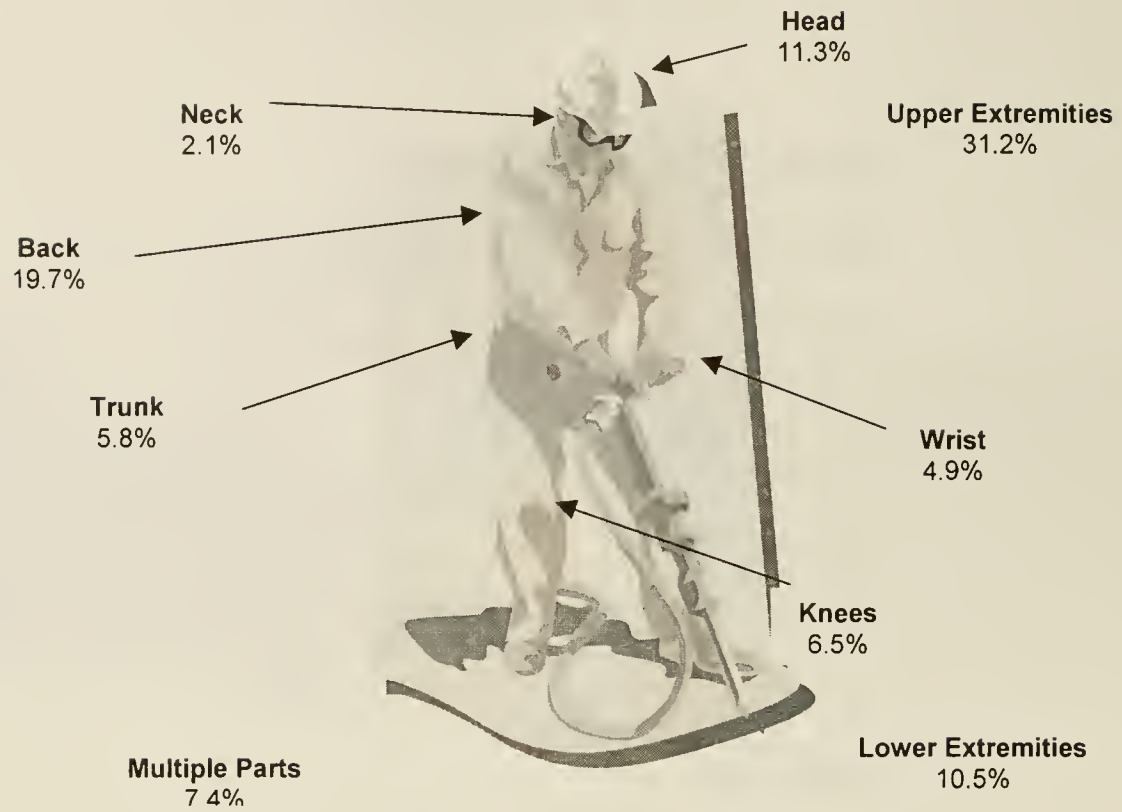
Empire Sand & Gravel
- Crushing gravel at Custer, MT.

Rank-Order Distribution
By Cause of Injury

	FY96		FY97		FY98		FY99		FY00	
Cause of Injury[1]	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**	**Count**	**Percent**
Strain, Jump, Lift	8,828	26.9%	8,956	26.5%	8,973	28.1%	9,580	30.3%	9,726	29.7%
Fall, Slip, Trip	5,521	16.8%	6,161	18.2%	5,302	16.6%	5,404	17.1%	5,450	16.7%
Struck by Object	4,453	13.6%	4,502	13.3%	4,552	14.3%	4,399	13.9%	4,502	13.8%
Puncture, Cut	1,941	5.9%	2,402	7.1%	2,682	8.4%	2,594	8.2%	2,829	8.6%
Hit against, Step on	2,606	8.0%	2,320	6.9%	2,175	6.8%	1,850	5.8%	2,038	6.2%
Burn, Exposure	2,268	6.9%	1,664	4.9%	1,377	4.3%	1,466	4.6%	1,402	4.3%
Caught in/between	1,327	4.0%	1,351	4.0%	1,426	4.5%	1,291	4.1%	1,380	4.2%
Vehicle Related	594	1.8%	539	1.6%	559	1.8%	605	1.9%	579	1.8%
All Other Claims, NOC	5230	16.0%	5,900	17.4%	4,891	15.4%	4,467	14.1%	4,814	14.7%
Total	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes: *Column may not sum to 100% due to rounding.
NOC means Not Otherwise Classified.
[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC) - Electronic Data Interchange (EDI) definitions.
Some fiscal year counts may vary slightly from previous reports due to corrections from insurers.

Percent Distribution of Claims
By Part of Body
Date of Injury – FY00



Notes: NOC means Not Otherwise Classified.

Rank-Order Distribution
By Part of Body

	FY96		FY97		FY98		FY99		FY00	
Part of Body[1]	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Upper Extremitites	9,866	30.1%	10,265	30.4%	9,993	31.3%	9,709	30.6%	10,200	31.2%
Back	6,284	19.2%	6,314	18.7%	6,460	20.2%	6,352	20.1%	6,451	19.7%
Head	3,733	11.4%	3,768	11.1%	3,694	11.6%	3,594	11.4%	3,696	11.3%
Lower Extremities	3,331	10.2%	3,437	10.2%	3,438	10.8%	3,345	10.6%	3,427	10.5%
Knees	1,939	5.9%	2,029	6.0%	2,024	6.3%	2,071	6.5%	2,142	6.5%
Multiple Parts	3,109	9.5%	2,770	8.2%	2,010	6.3%	2,270	7.2%	2,425	7.4%
Trunk	2,205	6.7%	2,130	6.3%	1,791	5.6%	2,025	6.4%	1,913	5.8%
Wrist	1,366	4.2%	1,492	4.4%	1,500	4.7%	1,523	4.8%	1,594	4.9%
Neck	523	1.6%	618	1.8%	714	2.2%	606	1.9%	692	2.1%
All Other Claims, NOC	412	1.2%	972	2.8%	313	1.0%	168	0.5%	180	0.6%
Total	***32,768***	***100%***	***33,795***	***100%***	***31,937***	***100%***	***31,656***	***100%***	***32,720***	***100%***

Notes: *Column may not sum to 100% due to rounding.
NOC means Not Otherwise Classified.
[1]Source: International Association of Industrial Accident Boards and Commissions (IAIABC) - Electronic Data Interchange (EDI) definitions.
Some fiscal year counts may vary slightly from previous reports due to corrections from insurers.

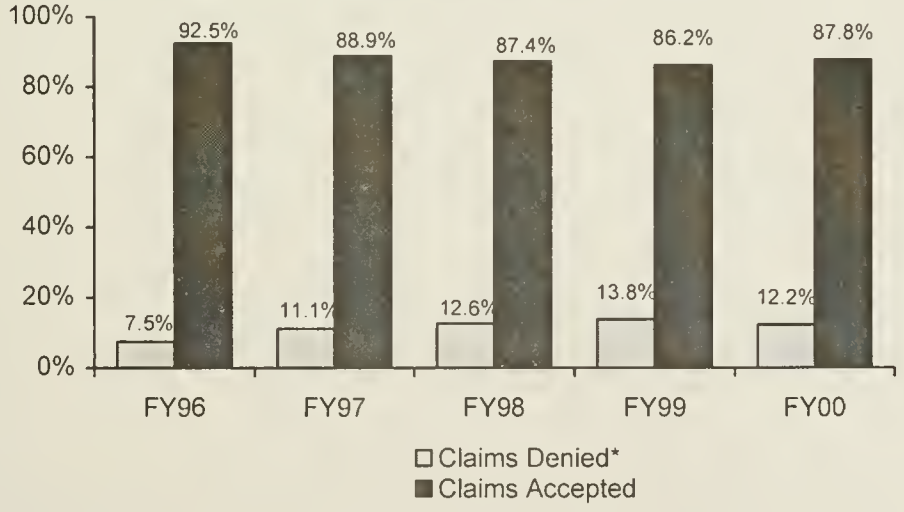
Insurer Denial of Claims

Insurer Denial of Claims
By Fiscal Year

Reason for Claim Denial*		FY96	FY97	FY98	FY99	FY00
Late Claim Filing	Injury	37	18	16	23	40
	Occupational Disease	7	1	1	0	0
Insufficient Information	Incomplete or missing information necessary to accept liability	65	92	11	0	50
Coverage Issue	Corporate officer rejected	12	13	15	17	9
	Elects no coverage	16	11	8	0	6
	Independent Contractor issue	2	3	1	0	3
	Question which insurer liable	36	29	14	20	19
	No coverage	26	22	62	53	39
Other	Other	164	29	272	378	299
No Employer Notice	No 30-day notice to employer or insurer	219	180	198	188	160
Not in Course & Scope	Not in course and scope of employment	253	303	243	236	235
No Objective Medical	No objective medical findings to substantiate injury	628	2,035	2,141	2,331	2,278
Definition of Injury not met	Heart attack - not caused by accident	22	23	10	16	13
	Does not meet definition of injury	670	595	417	553	448
	Does not meet definition of Occupational Disease	87	50	27	48	51
	Stress - not compensable	33	28	32	30	22

Notes:
* Claims initially denied may later be accepted by the insurer. Statistics on accepted injuries subsequent to a denial are not available.

Percent Distribution of Claims
by Insurer Denials



Notes:
* Claims initially denied may later be accepted by the insurer. Statistics on accepted injuries subsequent to a denial are not available from the database.

Benefits . . .

Total Benefits

Benefit Report Data on Closed Claims

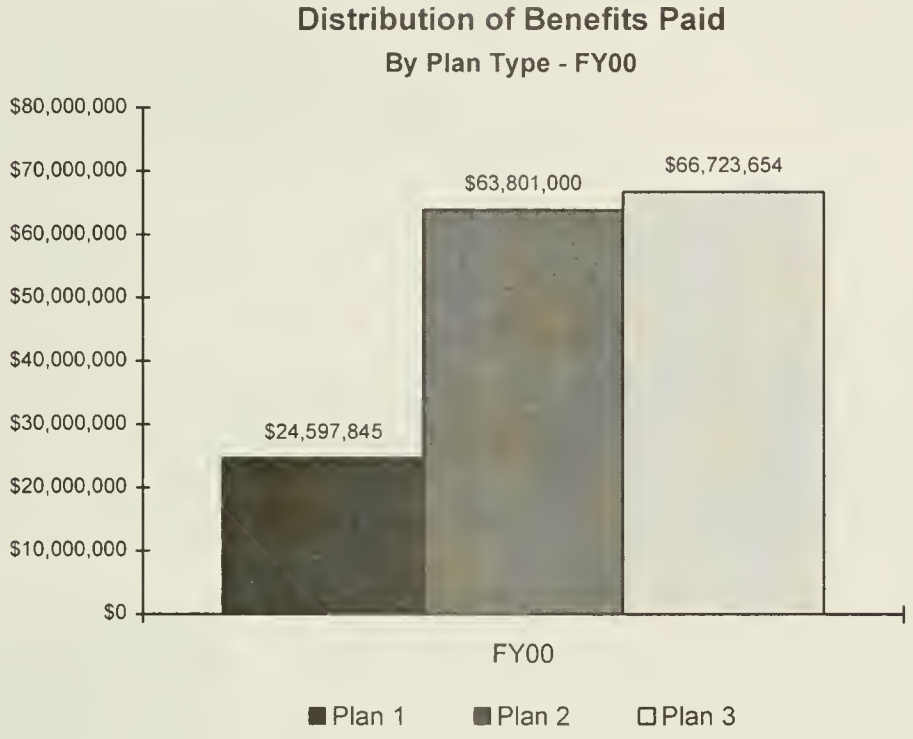
Settlement Dollars

Settlement Attorney Fees

Rehabilitation

Total Benefits

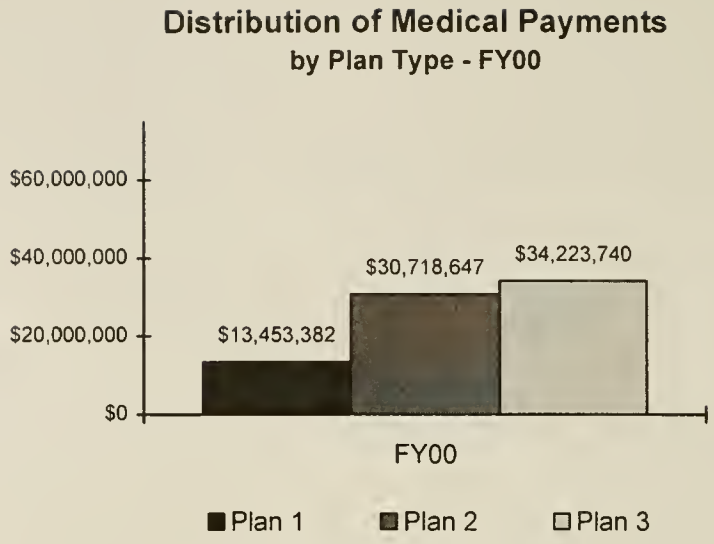
Benefit totals have been updated since the publication of previous annual reports due to the receipt of amended expenditures reports.



Distribution of Benefits Paid
By Fiscal Year

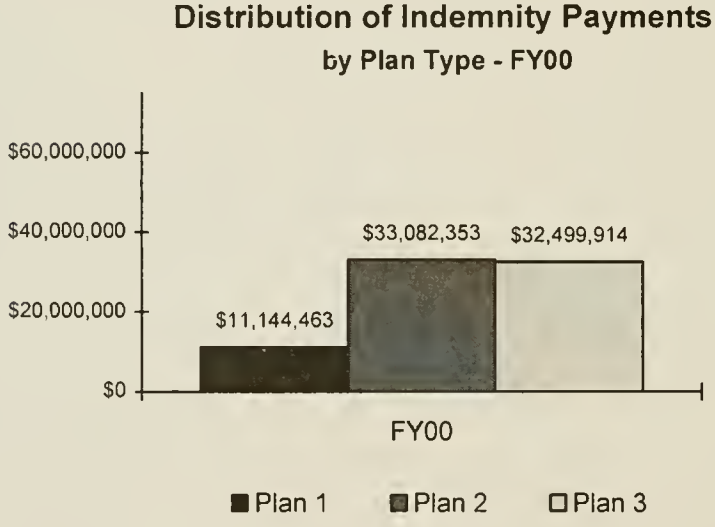
	FY96	FY97	FY98	FY99	FY00
Plan 1	$22,044,566	$22,198,949	$22,318,282	$24,793,165	$24,597,845*
Plan 2	$33,268,989	$35,954,463	$42,301,098	$48,433,414	$63,801,000*
Plan 3	$92,775,219	$73,036,463	$70,713,511	$66,341,498	$66,723,654*
Total	***$148,088,774***	***$131,189,875***	***$135,332,891***	***$139,568,077***	***$155,122,499****

Note:
Total benefits represent indemnity and medical.
* Filed as of 4-30-2001.



Distribution of Medical Payments
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Plan 1	$9,994,676	$10,756,156	$11,828,831	$13,403,393	$13,453,382
Plan 2	$15,995,298	$17,063,821	$19,751,482	$23,068,709	$30,718,647
Plan 3	$36,617,000	$29,342,000	$32,161,374	$31,439,590	$34,223,740
Total	***$62,606,974***	***$57,161,977***	***$63,741,688***	***$67,911,692***	***$78,395,769***



Distribution of Indemnity Payments
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Plan 1	$12,049,890	$11,439,793	$10,489,451	$11,389,772	$11,144,463
Plan 2	$17,273,691	$18,890,642	$22,549,616	$25,364,705	$33,082,353
Plan 3	$56,158,219	$43,694,463	$38,552,137	$34,901,908	$32,499,914
Total	***$85,481,800***	***$74,024,898***	***$71,591,204***	***$71,656,385***	***$76,726,730***

Benefit Report Data on Closed Claims

Temporary Partial Disability (TPD)

Workers are eligible for TPD benefits when:

- prior to maximum medical improvement, they are temporarily unable to return to time of injury position; and
- they return to work in modified or alternative position; and
- they suffer a wage loss; and
- they have been released by their treating physician to return to a modified or an alternative position with the same employer.

All Plans	FY96	FY97	FY98	FY99	FY00
Average indemnity payment	$1,792	$2,435	$1,085	$566	$193
Average duration of benefits paid in weeks	10	9	8	4	3
Average duration in days from injury to benefit start date	160	123	108	107	68
Average duration in days between injury date & release/return to work	248	174	127	148	97

TPD Benefits

- TPD benefits are the difference between the injured worker's actual weekly wage and the actual weekly wage earned during the injured worker's temporary partial disability.

Length of TPD Benefits

- 26 weeks (The insurer, however, may extend the benefit period).

Temporary Total Disability (TTD)

A worker is eligible for TTD benefits:

- when the injured worker misses 6 lost work shifts or 48 hours, whichever occurs first; and
- the injury results in a total loss of wages and exists until the injured worker reaches maximum medical improvement; or
- until the worker is released to employment in which the worker was engaged at the time of injury or to employment with similar physical restrictions.

All Plans	FY96	FY97	FY98	FY99	FY00
Average indemnity payment	$6,145	$4,797	$2,958	$1,325	$632
Average duration of benefits paid in weeks	18	17	13	7	3
Average duration in days from injury to benefit start date	118	69	54	50	40
Average duration in days between injury date & release/return to work	217	129	112	108	70

TTD Benefits

- TTD benefits are 66 2/3% of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury.

Length of TTD Benefits

- until the worker reaches maximum medical improvement or is released to return to work.

Permanent Partial Disability (PPD)

Workers are eligible for PPD benefits:

- if they suffer permanent partial disability and are no longer temporarily totally disabled or permanently totally disabled; and
- they have a physical condition that impairs the workers' ability to work after workers reach maximum medical improvement but are able to return to work in some capacity; and
- have a permanent impairment, greater than zero, established by objective medical finding; and
- have an actual wage loss.

All Plans	FY96	FY97	FY98	FY99	FY00
Average indemnity payment	$7,128	$11,446	$5,241	$3,459	$3,046
Average duration of benefits paid in weeks	21	20	15	10	2
Average duration in days from injury to benefit start date	486	372	349	287	196
Average duration in days between injury date & release/return to work	252	231	191	167	77

PPD Benefits

- PPD benefits are 66 2/3% of the wages received at the time of injury, not to exceed 1/2 the state's average weekly wage at the time of injury.

Length of Benefits

- Maximum of 350 weeks.

Permanent Total Disability (PTD)

The low number of Permanent Total Disability cases prevents statistically significant summary reporting.

Workers are eligible for PTD benefits:

- if they possess a physical condition, after they reach maximum medical improvement, in which they do not have a reasonable prospect of physically performing regular employment; and
- if injured workers are no longer temporarily totally disabled and are permanently totally disabled.

PTD Benefits

- An injured worker may receive 66 2/3% of the wages received at the time of injury, not to exceed the state's average weekly wage at the time of injury. The injured worker may receive a maximum of 10 cost of living increases.

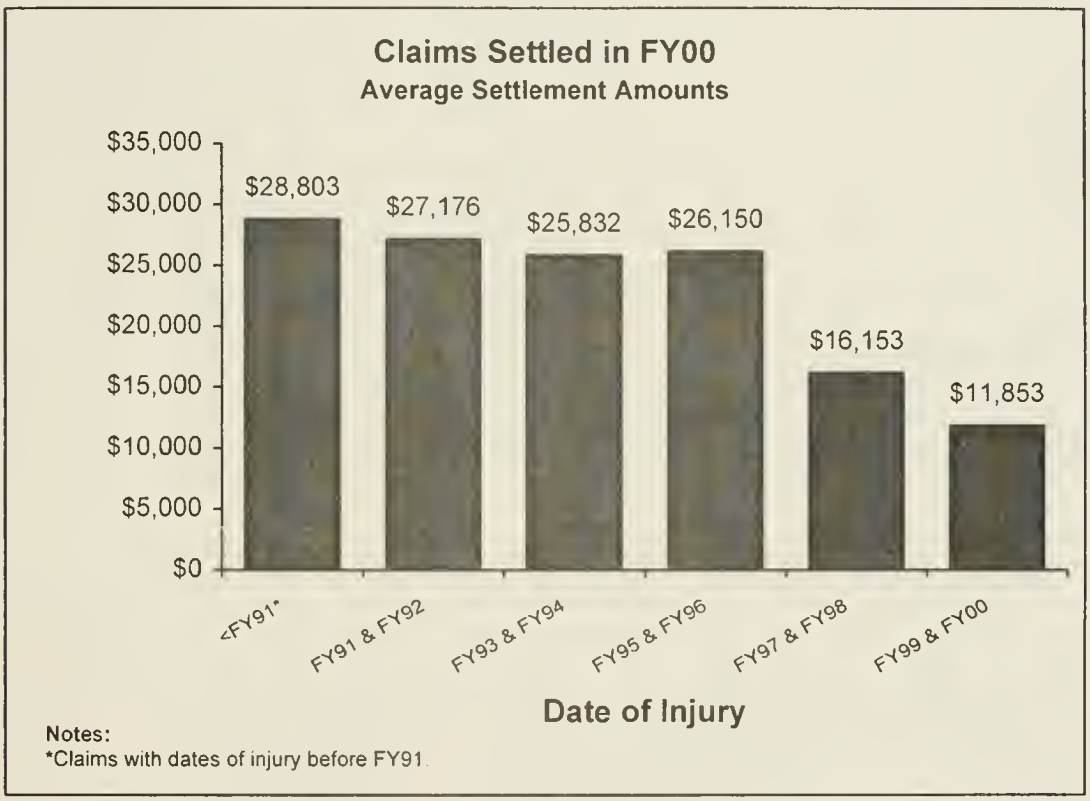
Length of Benefits

- Until the injured worker receives, or is eligible to receive, full social security retirement benefits.

Settlement Dollars

A settlement is a lump sum payment of the claimant's workers' compensation benefits. Benefits are usually paid out in periodic payments that are designed to sustain an injured worker over an extended period of time. Settlements can occur when the claimant and the insurer agree that benefits will be converted to a lump sum payment. Settlements are subject to approval by the Department of Labor and Industry.

- This graph displays average settlement amounts for all claims settled in Fiscal Year 2000, and have dates of injury in Fiscal Year 2000 and earlier.



Average Settlement Amounts
For Claims Settled in FY00 - By Plan

Injury Date	<FY91	FY91 & 92	FY93 & 94	FY95 & 96	FY97 & 98	FY99 & 00	Plan Average
Plan 1	$21,879	$23,250	$19,534	$17,285	$16,879	$10,597	$14,716
Plan 2	$57,642	$25,830	$22,507	$23,707	$14,877	$10,223	$14,960
Plan 3	$16,633	$39,876	$23,461	$50,217	$18,621	$14,053	$19,616
NOC	$22,612	$14,161	$32,305	$21,950	$16,871	$16,449	$19,778
Average settlement	***$28,803***	***$27,176***	***$25,832***	***$26,150***	***$16,153***	***$11,853***	***$16,782***

Notes:
NOC means Not Otherwise Classified.

Settlement Attorney Fees

The Employment Relations Division collects workers' compensation legal expense data on attorney fees claimed for approved settlements. The data collected are used to ensure fees the attorneys charge do not exceed the maximum amounts allowed by law. Not included are legal costs accumulated in defense of a claim, pro-bono work, court awarded fees, fees taken from bi-weekly compensation payments prior to settlement, fees related to uninsured employer claims, benefit advances, or fees related to disputed medical payments.

Distribution of Settlement Attorney Fees
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Number of Settlement Petitions Processed	2,100	1,551	1,342	1,486	1334
Claims Settled with Attorney Representation	1,086	832	761	708	678
Percent Claimants Represented by Attorney	52%	54%	57%	48%	51%
Total Settlement Amount With Attorney Involvement	$27,358,376	$20,201,459	$15,239,197	$13,898,051	$14,169,102
Total Attorney Fees	$4,835,021	$3,442,810	$2,538,738	$2,490,854	$2,620,749
Percent Fees to Settlement	17.7%	17.0%	16.7%	17.9%	18.5%

Notes: Information for FY99 has been updated since the previous report.

- Similar to reports issued in previous years, there is a small percentage of records for which no attorney fees were listed due to both entry errors and reporting limitations.
- The information provided reflects settlements only and does not include advances, fees associated with biweekly compensation benefits, disputed medical benefits, court awarded fees, or amounts from lump sum payments not resulting in settlements.
- Total net settlement amounts included in the list are approximations. The settlement amounts do not include annuities.

Attorney Representation as a Percent of Reported Claims
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Total Number of Claims	32,768	33,795	31,937	31,656	32,720
Claims with Representation	3.7%	3.2%	3.2%	3.1%	2.5%
Claims without Representation	96.3%	96.8%	96.8%	97.9%	97.5%
Approved Attorney Fee Agreements	1,217	1,106	1,034	979	823

Rehabilitation

The best possible outcome after an injury is for the injured worker to return to work. Sometimes a disabled worker needs help to become employable again. The expense of rehabilitation pays off when the worker becomes as productive and self-sufficient as possible.

Rehabilitation benefits are paid bi-weekly while completing the rehabilitation plan. Benefits are 66 2/3 of wages received at the time of the injury, not to exceed the state average weekly wage, for up to 104 weeks. A disabled worker may also receive payment for tuition, fees, books and other reasonable and necessary retraining expenses.

The worker's rehabilitation plan must be started within 78 weeks of reaching maximum medical healing, must be completed within 26 weeks of the completion date specified in the plan, and may not exceed 104 weeks. In addition, the insurer may pay auxiliary benefits up to $4,000 for reasonable travel and relocation expenses.

Rehabilitation benefits are provided to claimants under certain circumstances. For disabled workers to qualify for these benefits, they must have a permanent impairment established by objective medical findings, resulting from a work related injury, that precludes them from returning to their time-of-injury job or a job with similar physical requirements and also have an actual wage loss; or they must have at least 15% medical impairment established by objective medical findings and no wage loss. The injured worker must have reasonable vocational goals and re-employment opportunities that will likely reduce the wage loss, and have a rehabilitation plan agreed upon with the insurer.

Vocational Rehabilitation Benefits Paid
By Plan & by Fiscal Year

Plan Type	FY97	FY98	FY99	FY00
Plan 1	$324,225	$295,634	$69,154	$10,500
Plan 2	$331,228	$376,095	$201,568	$83,191
Plan 3	$446,214	$797,730	$542,757	$77,415
Total	***$1,101,667***	***$1,469,459***	***$813,479***	***$171,106***

Industrial Accident Rehabilitation Trust Fund

For injuries occurring on or before June 30, 1997, disabled workers may be paid vocational rehabilitation expenses from funds in the industrial accident rehabilitation account. This is a state special revenue fund. Payments to the account are made each year from an assessment to each Plan 1 employer, Plan 2 insurers, and the Plan 3 (State Fund), not exceeding 1% of compensation paid to injured employees in Montana during the preceding fiscal year.

The administration of the fund moved from the Department of Public Health and Human Service to the Department of Labor and Industry on July 1, 1997. The fund provided rehabilitation services to 59 injured employees in fiscal year 2000.

Rehabilitation Trust Fund Use
(Injuries occurring on/before 6/30/97)

Plan Type	FY98	FY99	FY00
Plan 1	$8,560	$52,865	$37,492
Plan 2	$27,043	$46,634	$36,681
Plan 3	$122,347	$230,178	$103,333
Total	***$157,950***	***$329,677***	***$177,506***

- Plan 1 had 6 injured workers receiving trust fund monies; Plan 2 had 13 injured workers; and Plan 3 had 40 in fiscal year 2000.

Analysis of Wage Replacement Benefits in Montana . . .

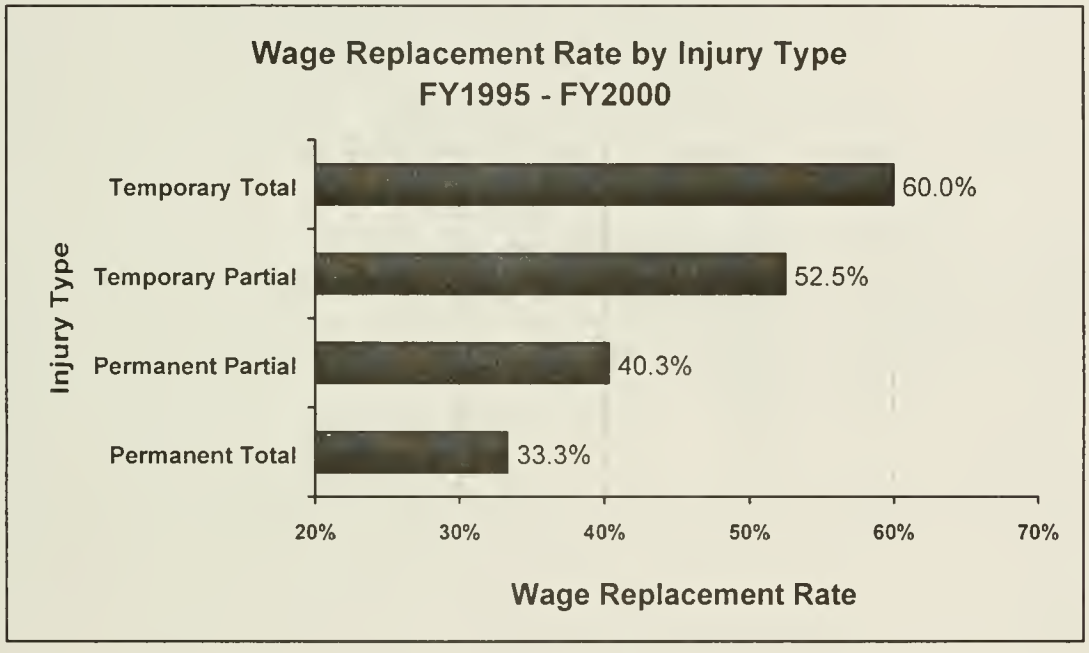
A closed claim study conducted by the Montana Department of Labor and Industry, Employment Relations Division and Insurance Services Offices, Inc.

Executive Summary

Based on our analysis of the data provided to us on Montana workers' compensation claimants, our major findings are as follow:

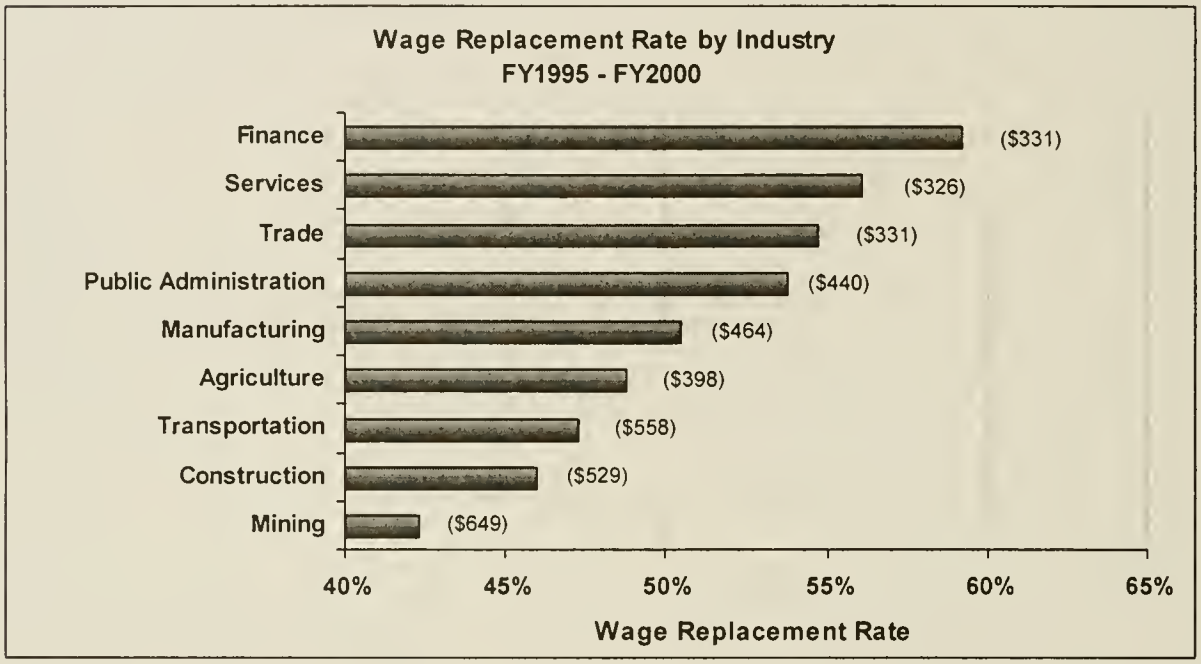
1. Wage benefits received by workers' compensation claimants replace an average of **50.9%** of pre-injury gross wages.

2. Temporary Total claims have the highest wage replacement rate (**60.0%**) relative to other injury types. The wage replacement rates by injury type are shown in the chart below.



3. Female claimants have a higher average wage replacement rate (**58.9%**) than male claimants (**45.0%**). This is due in part to the fact that the average salary for female claimants is lower than for male claimants. Claimants with lower pre-injury wage levels are less affected by the maximum benefit threshold and thus will have a higher replacement rate of lost wages.

4. Workers in the finance and services industries have the highest wage replacement rates of all industries, whereas workers in the construction and mining industries exhibit the lowest. These results are driven by a strong negative correlation between the average wage level in an industry and the wage replacement rate. The higher the average wage, the lower the wage replacement rate. Wage replacement rates by industry are shown below. The average wage level of claimants in each industry is shown in parentheses.



Background and Objectives

One of the features of workers' compensation is to provide a degree of indemnity benefits for those who cannot work due to a work-related injury. For most injuries, weekly indemnity benefits are set at 2/3 of the claimant's pre-injury gross weekly wage subject to a maximum benefit, which equals the statewide average weekly wage. For the purpose of this study, a "wage replacement rate" is defined as the indemnity benefit expressed as a percentage of gross wages lost due to a work-related injury.

The objective of this report is to analyze wage replacement rates in Montana for accident years 1995-2000. The analysis identifies groups of claimants that receive wage replacement rates that are higher or lower than the statewide average and explores the factors underlying those differences.

Conditions and Limitations

Our analysis and the results contained herein are subject to the following conditions and limitations:

1. In preparing our report, we have relied upon the loss data provided to us by the ERD. We have neither audited nor verified the data. ISO does not assume responsibility for any error or omission in the data or information provided to us. Any material error in the data or other information would result in changes to the analysis. In such event, ISO cannot be held responsible for any consequences resulting from its use of incorrect information or data.

2. This analysis has used historical Montana ERD loss experience. To the extent that Montana's workers' compensation environment is different from the past, future experience may differ from the results stated herein. Future changes in the workers' compensation environment have not been addressed in this study.

3. This analysis is based on unadjusted data from accident years 1995-2000. Data from the most recent accident years are immature compared to data from earlier accident years and may change, perhaps significantly, as more information on individual claims is gathered. Therefore, caution should be exercised in extrapolating future experience based on the most recent accident years.

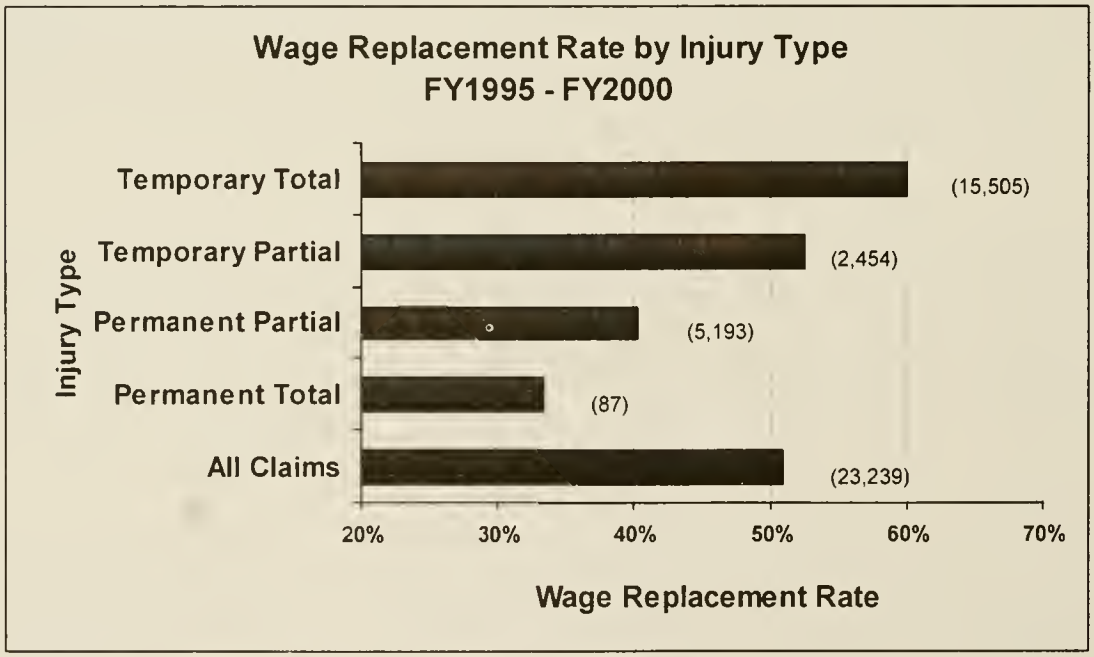
4. Groups of data with a smaller number of claims are more likely to be affected by extreme values than groups with a larger number of claims. Therefore, caution should be exercised in drawing conclusions based on groups of data with a small number of claims, e.g., permanent total, head injuries, etc.

Discussion of Results and Exhibits

Workers' compensation wage replacement rates are determined for each claim by dividing the indemnity benefit by the amount of lost wages. The indemnity benefit is given; the amount of lost wages is calculated by multiplying the pre-injury wage by the duration of the claim. The duration of the claim is determined by dividing the total indemnity benefit by the weekly benefit amount. For example, if the indemnity benefit is $1,000 and the weekly benefit amount is $100, the duration of the claim is calculated to be 10 weeks ($1,000 / $100). If the pre-injury wage for the same claim is $200, the amount of loss wages is determined to be $2,000 ($200 x 10). Finally, the wage replacement rate is calculated as $1,000 / $2,000, or 50%.

Exhibit I displays wage replacement rates by injury type (Temporary Total, Temporary Partial, Permanent Partial, Permanent Total and All Claims). The number of claims by injury type is shown in parentheses. Temporary Total claims have the highest average wage replacement rates and account for approximately 67% of all claims. For all types of claims except Permanent Partial, the maximum benefit is equal to the average statewide weekly wage. Permanent Partial claims have a maximum benefit of one half the average statewide weekly wage. Thus, more Permanent Partial claims are affected by the maximum benefit and show an average wage replacement rate lower than the average rate for all claims. Permanent Total claims show the lowest average wage replacement rate, but also show the fewest number of claims (less than 1% of the total number of claims) and are therefore influenced by individual claims with extreme values.

Exhibit I



Notes: The number of claims for each injury type is provided in parentheses.

Exhibit II shows wage replacement rates by gender and benefit type. For each type of claim, the average wage replacement rate for men is lower than the average wage replacement rate for women. For all claims, the average wage replacement rate for men is 48.2% and the average wage replacement rate for women is 58.9%. The difference in wage replacement rates reflects the difference in the claimants' average weekly wage. Male claimants have an average pre-injury wage of $464 per week while female claimants have an average pre-injury wage of $298 per week. Thus, more male claimants (37.1%) are subject the maximum benefit than female claimants (13.6%).

Exhibit II

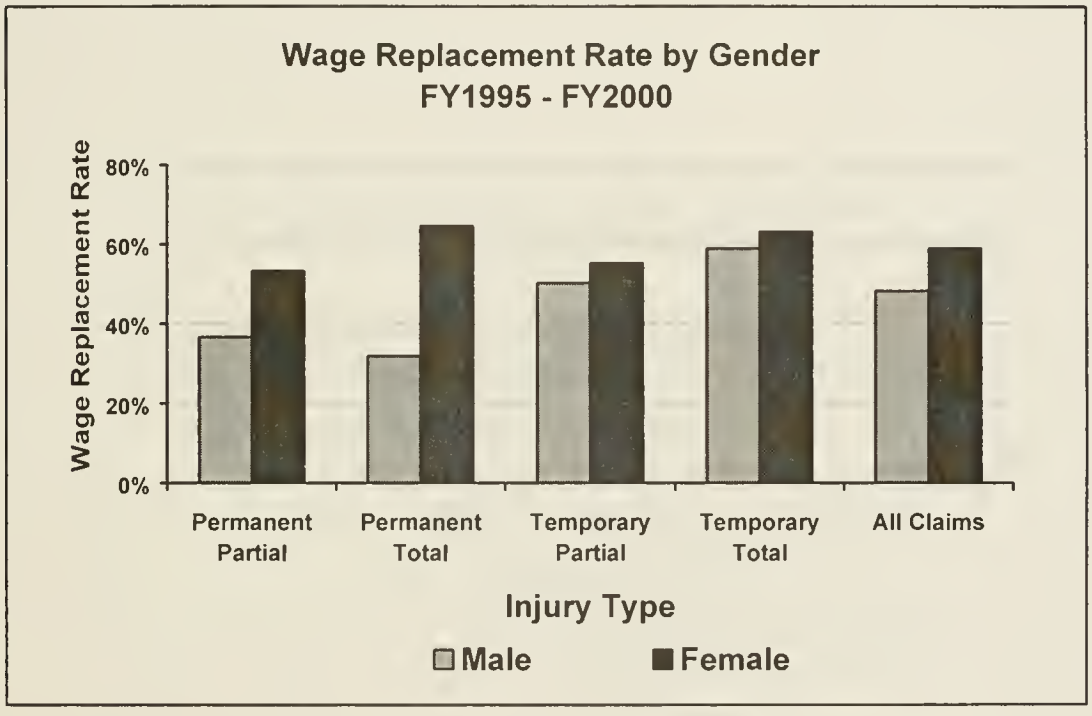


Exhibit III displays wage replacement rates by industry. Workers in the finance and services industries have a much higher wage replacement rate than workers in the transportation, construction, and mining industries. This disparity is a result of two factors. First, the average weekly wage of workers in the finance and services industry is much lower than that in the transportation, construction and mining industries. Many of the claimants in the finance and services industries occupy administrative or clerical positions, which tend to have lower salaries than skilled construction or mine workers. Therefore, benefits for the construction or mining claimants are more susceptible to the maximum, and wage replacement rates are lower. Second, approximately 60% of the claimants in the finance and services industries are women whereas women account for less than 5% of the claimants in the construction and mining industries. As discussed above, female claimants have a lower average wage than male claimants and a higher wage replacement rate as a result.

Exhibit III

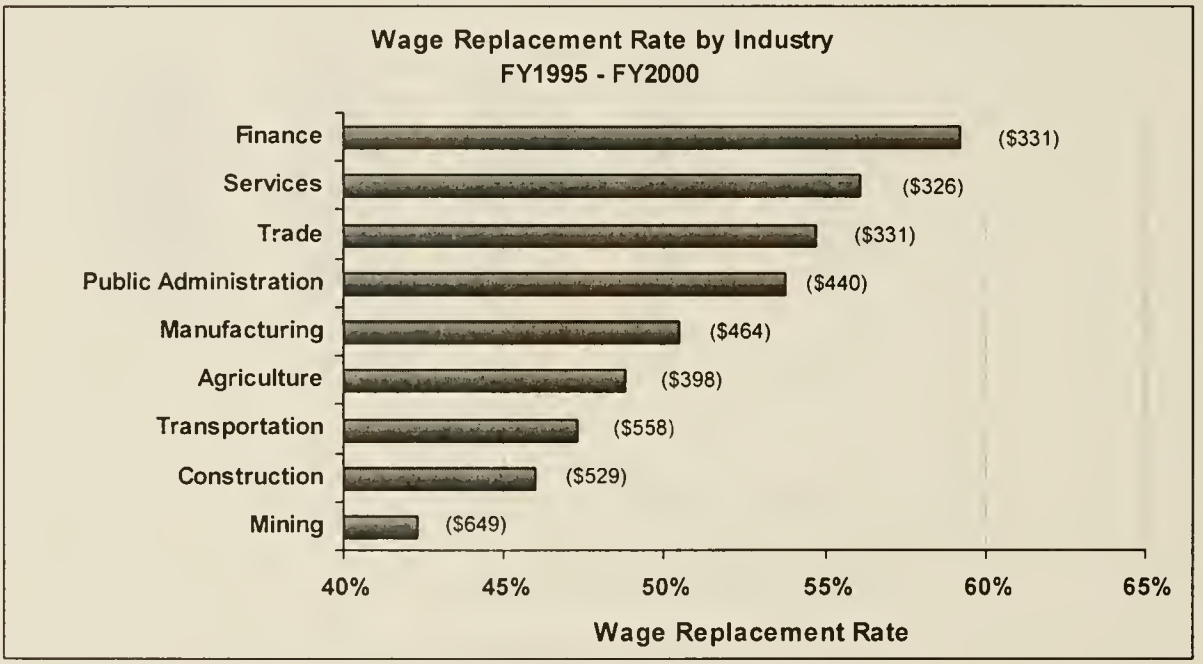


Exhibit IV shows wage replacement rates by claimant age. There is a steady decrease in wage replacement rates, as claimants get older. At retirement age, the trend reverses and the wage replacement rate increases. Older claimants have higher average salaries than younger claimants, as they tend to have more experience and higher-level positions. As such, they are affected by the maximum benefit to a higher degree than younger claimants and have lower wage replacement rates. This trend continues until retirement age, after which the wage replacement rate increases sharply for those claimants over the age of 79. It is likely that claimants who work during retirement generally work part-time at a lower salary level, and are less affected by the maximum benefit. In fact, of the 24 claimants over the age of 79, none were affected by the maximum benefit and thus have a high wage replacement rate.

Exhibit IV

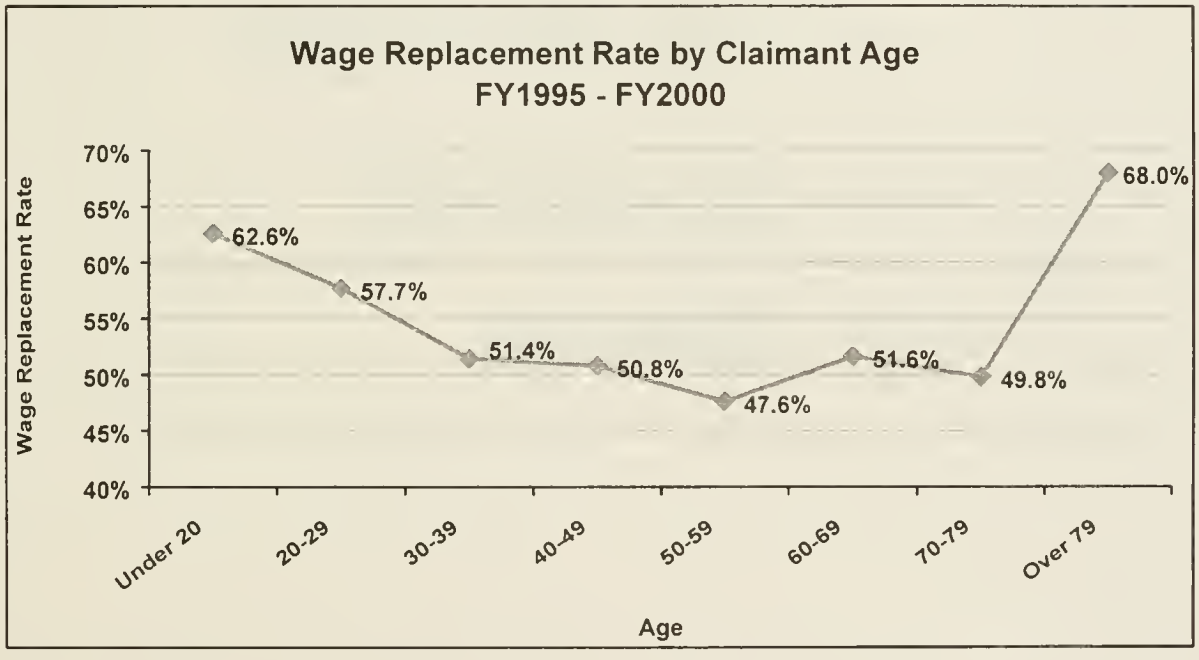


Exhibit V displays wage replacement rates by plan. The state fund has the highest average wage replacement rate while the self-insured plans have the lowest. Many of the claimants in the mining industry are covered by self-insured plans – although self-insured claims account for just 14% of total claims, 44% of all mining claims are covered by self-insured plans. The average salary for claimants in the mining industry is the highest of all industry groups, and these claimants are thus subject to the lowest wage replacement rate. In contrast, the self-insured plans cover none of the claimants in the finance industry. The claimants in the finance industry have one of the lowest average salaries and are disproportionately covered under the state fund – the state fund covers 39% of all claimants, but 47% of those in the finance industry.

Exhibit V

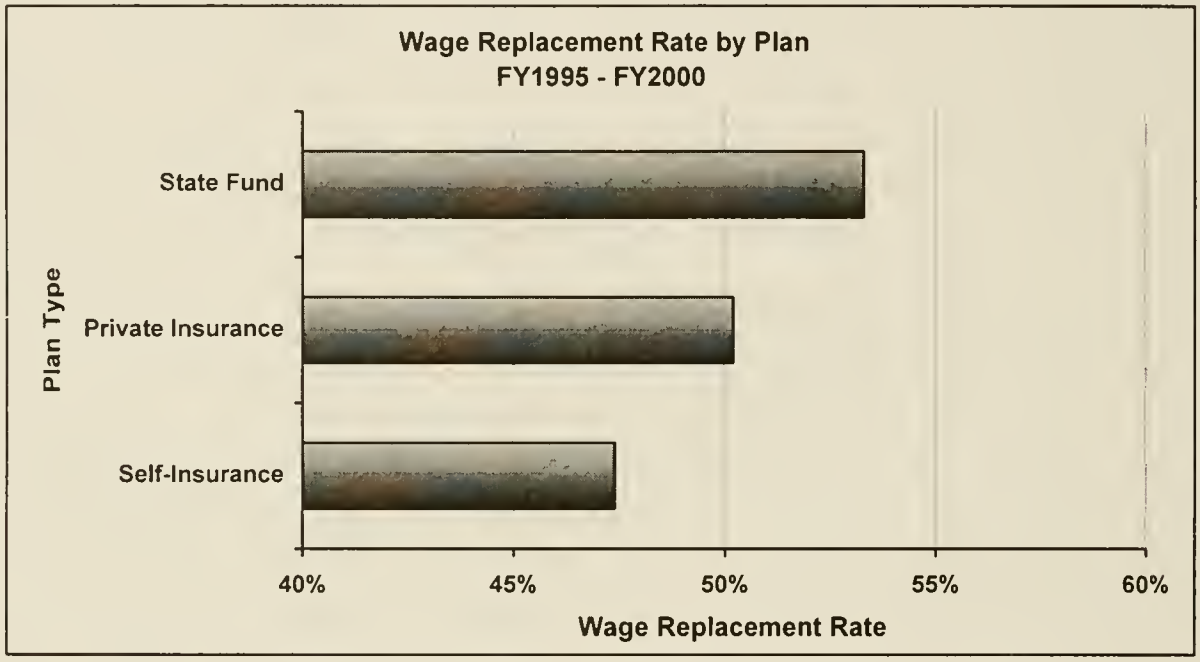


Exhibit VI is a graph of the number of claims by claim duration. Approximately 80% of claims are short-duration in nature. (less than 6 months). After 6 months, there is a sharp decline in the number of claims. This is consistent with the fact that most claims fall into the Temporary Total category. Permanent claims account for just 23% of all claims.

Exhibit VI

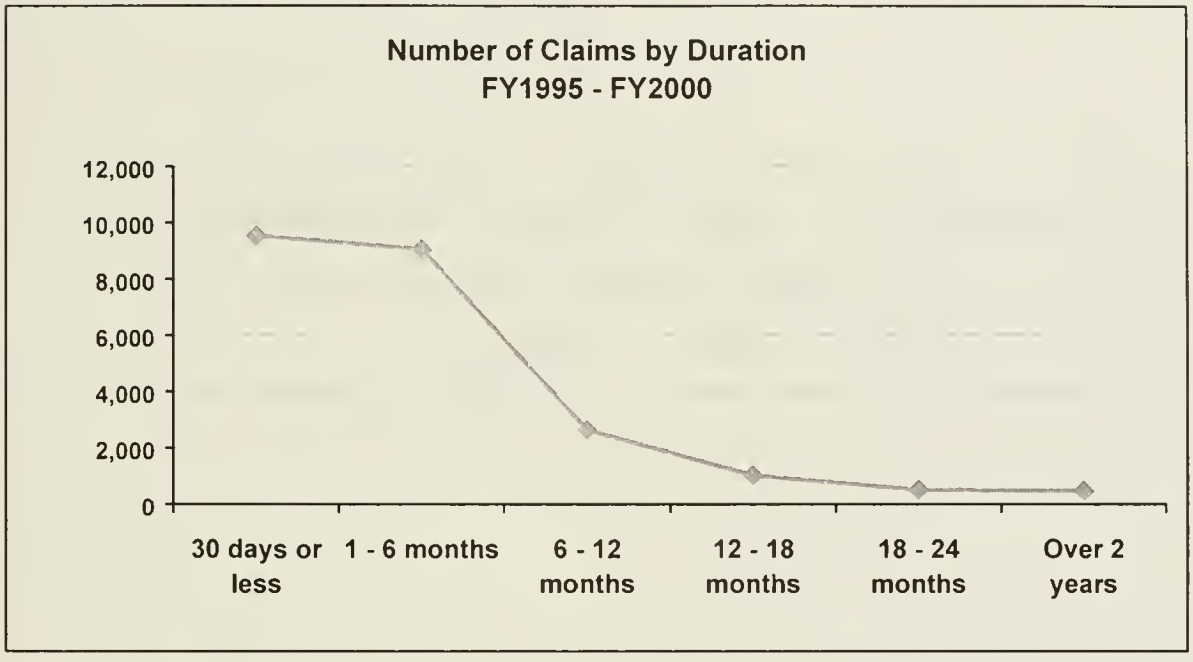
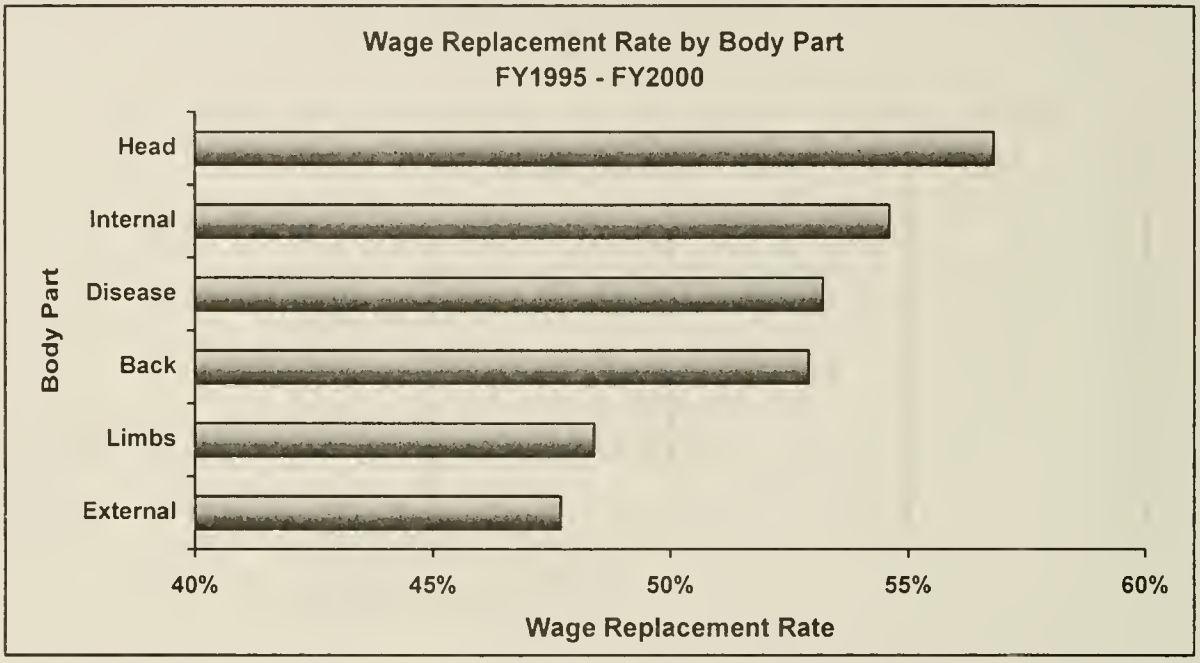


Exhibit VII shows wage replacement rates by body part. Claimants with head injuries have the highest wage replacement rate, while claimants with other external injuries have the lowest. However, the number of claims for head injuries, internal injuries, and diseases combined account for only 5% of the total claims. The majority of claims (55%) are for back injuries, with other external injuries and injuries to limbs accounting for 24% and 16% of claims, respectively. Of these three injury types, back injuries have the highest wage replacement rate, and are also the most common in the service and financial industries.

Exhibit VII



Summary and Conclusions

In general, workers' compensation wage replacement rates vary inversely with average wage levels. In other words, the higher the claimant's weekly salary, the more likely he or she is to reach the maximum benefit level, and the lower his or her benefits will be in relation to the pre-injury wage. The experience of the workers' compensation industry in Montana supports this relationship. Male claimants on average have higher salaries than female claimants, and thus have a lower wage replacement rate. Claimants in the construction and mining industries have higher average salaries than claimants in the finance and services industries, and, accordingly, realize a lower wage replacement rate. Older claimants earn more than younger claimants, and show a lower wage replacement rate.

Dispute Resolution . . .

Occupational Disease Panel

Mediation

Contested Case Hearings

Workers' Compensation Court

Occupational Disease Panel

The Claims Unit of the Employment Relations Division (ERD) is responsible for the occupational disease (OD) panel process. The panel process is designed to determine compensability of claims under the OD statues when an insurer has not accepted liability for the claim. The process is used to determine whether a claimant's condition is a result of the employment.

The process requires the claimant to attend a medical evaluation directed by the department. The medical evaluator submits a report of findings to the department. A copy of the report is then sent to the claimant and the insurer for determination.

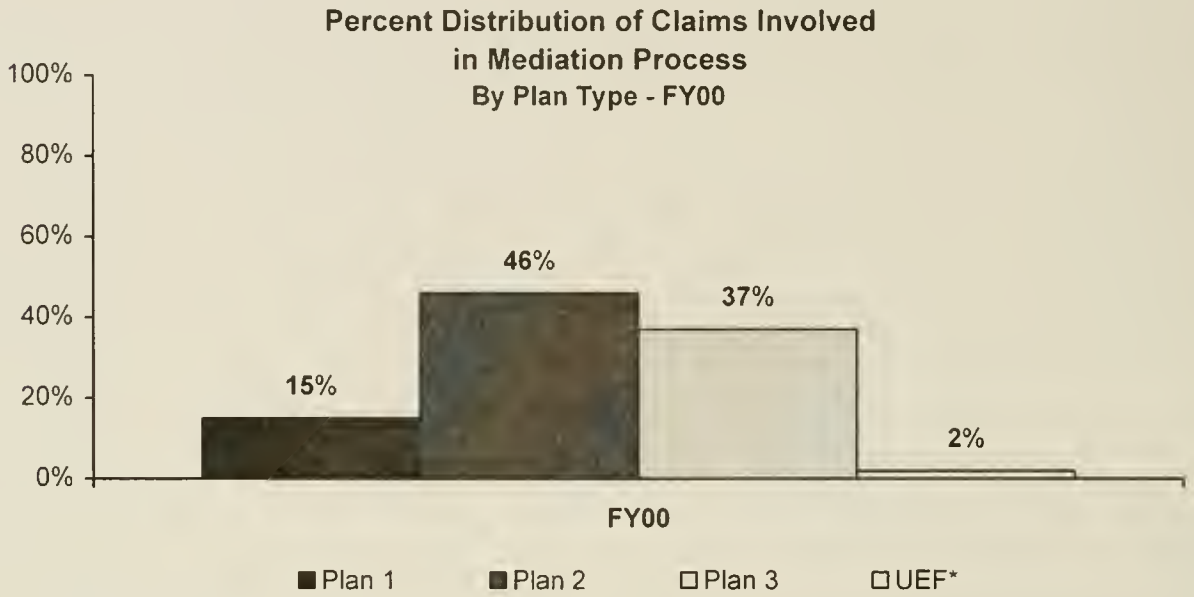
Disputes over the determination are considered a dispute that after mediation, is subject to the jurisdiction of the workers' compensation court.

OD Cases Processed by Plan

Plan	FY00
Plan 1	47
Plan 2	87
Plan 3	58
Total	*192*

Mediation

The Workers' Compensation Mediation Unit of the Employment Relations Division provides a mandatory process for resolving disputes dealing with benefits for both occupational injury and occupational disease claims. The mediation process is confidential, non-binding, and informal. The mediator facilitates the exchange of information between the parties and assists with solutions aimed at resolving the dispute. Conferences are held either in person in Helena or by telephone conference. Often, more than one conference is held in order to resolve the disputes on a claim. In FiscalYear 2000, the Mediation Unit received and processed 1,169 petitions, which involved 1,303 claims.

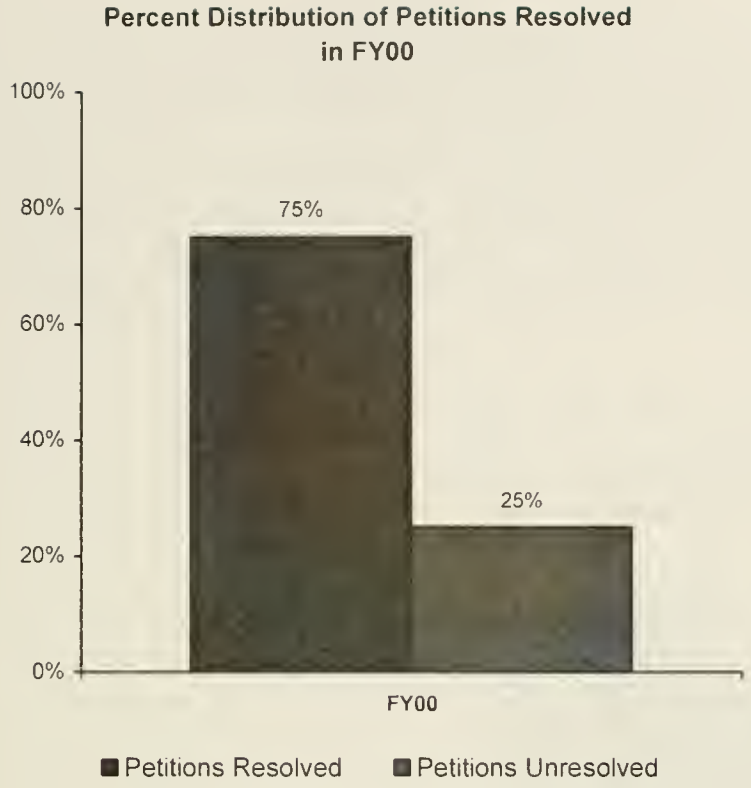


Notes:
*UEF means Uninsured Employers Fund.

Percent Distribution of Claims Involved in Mediation Process
By Plan & Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Plan 1	14%	13%	16%	15%	15%
Plan 2	31%	34%	35%	39%	46%
Plan 3	53%	50%	46%	44%	37%
UEF*	2%	3%	3%	2%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Total Count	***858***	***857***	***913***	***1,182***	***1,303***

Notes:
*UEF means Uninsured Employers Fund.
Prior to fiscal year 1999 we were unable to track multiple plan numbers or claims, therefore total counts for these years are incomplete.
Total Count represents number of claims, not number of petitions.



- Over the past 5 years Mediation has had an approximate resolution rate of 78%.
- Mediation took an average of 38 days to complete a case for which a conference was held and a written recommendation issued.

Distribution of Petitions Received
By Fiscal Year

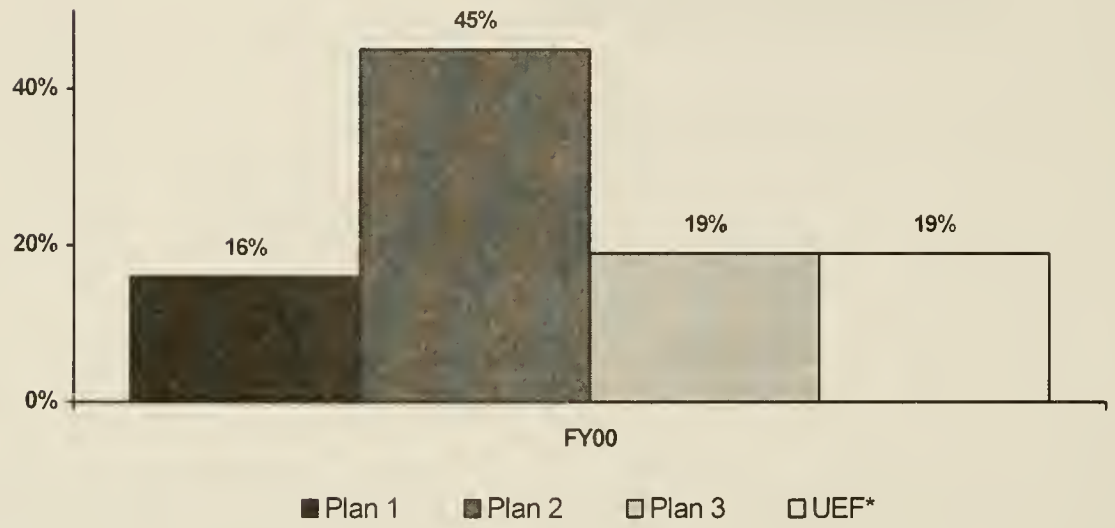
Petitions Received	FY96		FY97		FY98		FY99		FY00	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Pending	1	0.1%	1	0.1%	18	2%	6	1%	142	12%
Closed	857	99.9%	856	99.9%	895	98%	1,084	99%	1,027	88%
Total Petitions Received	***858***	***100%***	***857***	***100%***	***913***	***100%***	***1,090***	***100%***	***1,169***	***100%***
Resolved	680	79%	678	79%	706	79%	865	80%	774	75%
Unresolved	177	21%	178	21%	189	21%	219	20%	253	25%
Total Petitions Closed	***857***	***100%***	***856***	***100%***	***895***	***100%***	***1,084***	***100%***	***1,027***	***100%***

Notes:
*Eventual outcome of pending petitions will affect percent resolved.
A single petition may include multiple claims and/or multiple insurers.

Contested Case Hearings

The Department of Labor and Industry's Hearings Bureau holds contested case hearings. Disputes heard at contested case hearings include appeals from orders and determinations issued by ERD, assessments of penalties for uninsured employer, medical disputes between providers and insurers when payments to the claimant are not an issue, and regulation of attorney fees. The numbers of cases being heard by the Hearings Bureau has been declining since Fiscal Year 1998, when the Legislature transferred responsibility for hearing occupational disease claims to the Workers' Compensation Court. For Fiscal Year 2000 the Hearings Bureau received 31 requests for contested case hearings. Thirty-eight petitions had been closed or settled as of 6/30/00.

Percent Distribution of Petitions Received
By Plan Type - FY00



Distribution of Petitions Received
By Plan Type

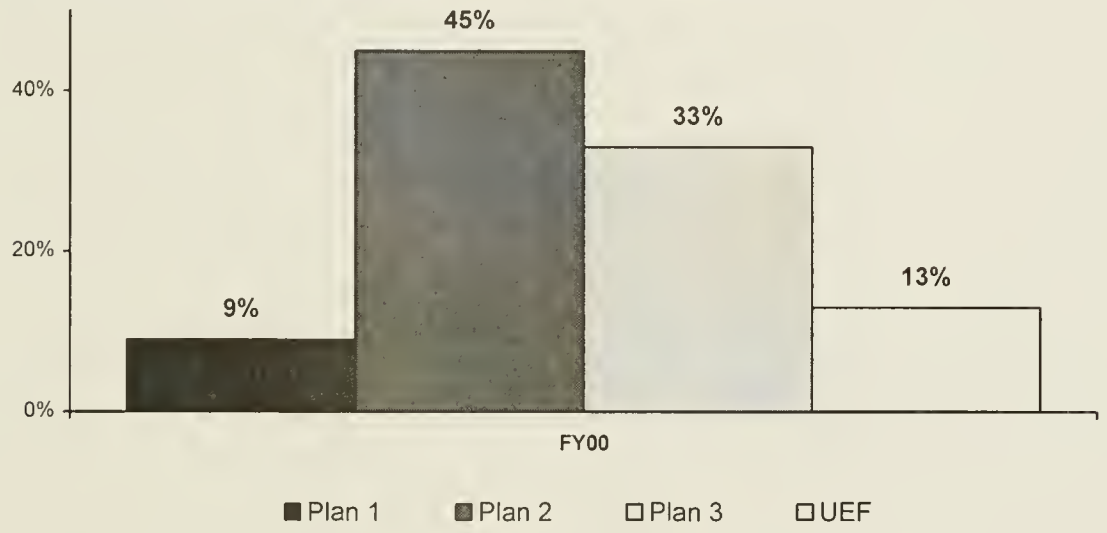
	FY96		FY97		FY98		FY99		FY00	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Plan 1	12	10%	10	8%	12	11%	16	23%	5	16%
Plan 2	28	22%	32	27%	43	38%	21	30%	14	45%
Plan 3	57	46%	48	40%	33	29%	14	20%	6	19%
UEF[1]	28	22%	30	25%	26	23%	18	26%	6	19%
Underinsured*	1	0%	1	0%	NA	NA	NA	NA	NA	NA
*Total***	*126*	*100%*	*121*	*100%*	*114*	*100%*	*69*	*100%***	*31*	*100%*

Notes:
*Underinsured was repealed in 1997.
**Columns many not sum 100% due to rounding.
[1]UEF means Uninsured Employers Fund.

Workers' Compensation Court

The Workers' Compensation Court resolves disputes between insurers/employers and injured workers, and for workers disabled as a result of an occupational disease. The Court has original jurisdiction over benefit issues under the Workers' Compensation Act and the Occupational Disease Act. For an injury occurring after July 1, 1987, the controversy must first be mediated. In cases of original jurisdiction the Court holds a trial. The Court has appellate jurisdiction over decisions of the Department of Labor and Industry involving other workers' compensation and occupational disease controversies. Additionally, the Court conducts judicial review over decisions of the Classification and Review Committee (Commissioner of Insurance) regarding classification of employees.

Percent Distribution of Petitions Received by Plan Type - FY00



Distribution of Petitions Received
By Plan Type

	FY96		FY97		FY98		FY99		FY00	
Plan Type	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Plan 1	23	10%	20*	10%	18*	7%	18*	7%	23*	9%
Plan 2	102	45%	92*	44%	98*	40%	136*	50%	118*	45%
Plan 3	98	43%	89*	43%	116*	47%	95*	35%	86*	33%
SIF[1]	1	0%**	0	-	1	0%**	0	-	0	-
UEF[2]	4	2%	6*	3%	13*	5%	21*	8%	34*	13%
Total by Plan	228	100%	207*	100%	246*	100%	270*	100%	261*	100%
Total Cases	228	100%	202	100%	235	100%	266	100%	255	100%

Notes:
*Petitions involving more than one plan account for the higher totals.
** Less than one percent.
[1]SIF means Subsequent Injury Fund.
[2]UEF means Uninsured Employer Fund.

Distribution of Decisions
By Fiscal Year

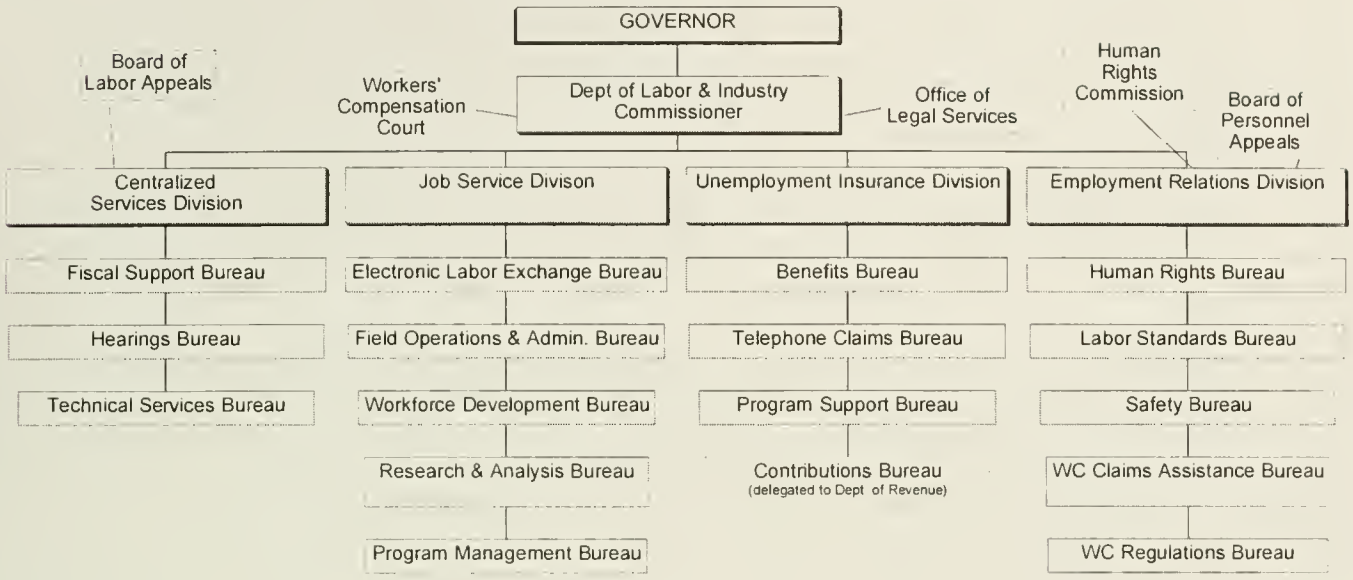
	FY96	FY97	FY98	FY99	FY00
Bench Rulings w/out written decisions	2	1	2	3	1
Decisions	61	52	45	61	66
Orders on Appeal	15	5	9	4	8
Substantive Orders	38	40	52	22	36
Attorney Fee Orders	9	6	3	2	1
Orders on Cost	11	9	8	13	5
Disposed of by Telephonic Conference	--	6	6	-	-
Subtotals	136	119	125	108	117
Petitions Dismissed by Agreement	157	135	155	157	175
Totals	***293***	***254***	***280***	***265***	***292***

Department Administered Programs . . .

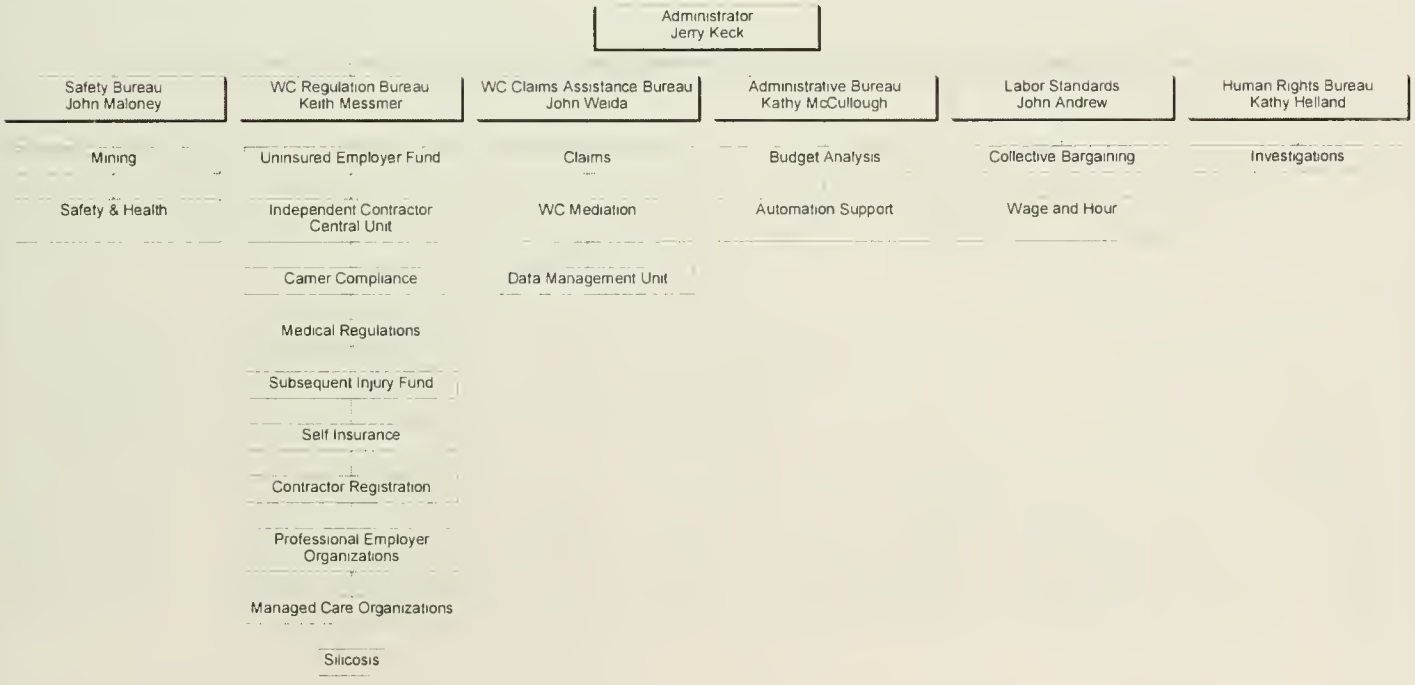
- Organizational Charts
- Regulatory Cost
- Subsequent Injury Fund
- Uninsured Employers' Fund
- Safety
- Independent Contractor Exemptions
- Professional Employer Organizations

Organizational Charts

Montana Department of Labor & Industry



Employment Relations Division
Montana Department of Labor & Industry
Phone # (406) 444-6531 Fax# (406) 444-4140



Regulatory Cost

The cost of administering the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment to Plan 1 (self insurers), Plan 2 (private insurance carriers) and Plan 3 (State Fund). Section 39-71-201, MCA, requires the administrative assessment to be 3% of benefits paid during the preceding calendar year for injuries covered under the Workers' Compensation Act and the Occupational Disease Act, without regard to the application of any deductible whether the employer or the insurer pays the losses. Benefits included in the calculation are: (1) compensation benefits paid; and (2) medical benefits paid (except payments in excess of $200,000 per occurrence, which are exempt from the assessment).

Regulatory functions performed by the Department of Labor & Industry

- Legal functions of the Workers' Compensation Court, Hearings and Legal Bureaus
- Administration of the Employment Relations Division, including the Workers' Compensation Database
- Claims management, data analysis, rehabilitation panels, mediation, and administration functions of the Claims Assistance Bureau
- Medical regulation, self-insurance, carrier compliance, Subsequent Injury Fund, Professional Employer Organizations, Managed Care Organizations, Silicosis Act and administration functions of the Regulation Bureau
- Occupational safety statistics, mandatory inspections, on-site consultation match, mining inspection, mine training match, and safety culture functions of the Safety Bureau

Regulatory Cost
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Regulatory Costs	$3,623,108	$3,429,653	$3,816,458	$3,963,315	$3,954,650

Subsequent Injury Fund

The Subsequent Injury Fund (SIF) was established by legislation passed in 1973. The purpose of SIF is to assist individuals with impairments to obtain employment by offering a financial incentive to employers for hiring SIF-certified individuals. Many states have similar funds called either subsequent or second injury funds. Montana's program is funded through an annual assessment on Montana workers' compensation insurers.

The law defines "person with a disability" as a person who has a medically certifiable permanent impairment that is a substantial obstacle to obtaining employment or re-employment. Also taken into account are such factors as the person's age, education, training, experience and employment rejections.

The Subsequent Injury program reduces the liability of the employer by placing a limit on the amount an employer, or the employer's insurer, will have to pay if the worker becomes injured or re-injured on the job. When that limit is reached, SIF assumes liability for the claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Act.

There were 200 new SIF certifications during fiscal year 2000. There are a total of 2,693 SIF certified employees in the state of Montana.

The assessment is based on a percentage of the compensation and medical benefits paid in Montana by each plan in the preceding calendar year. The rate is set by the Employment Relations Division based on the total amount of paid losses reimbursed by the fund in the preceding calendar year and the expenses of administration less other income.

Subsequent Injury Fund Claims
By Plan – FY00

	Plan 1	Plan 2	Plan 3	Total
New Claims Filed	1	1	0	2
Number of Open Claims	31	6	16	53
Reserved Amount*	$420,224	$354,144	$184,648	$959,016

Notes:
*Reserved amount is the dollar amount set aside to pay the expected future cost of the claims.

SIF Payments and Dollars Assessed
By Fiscal Years

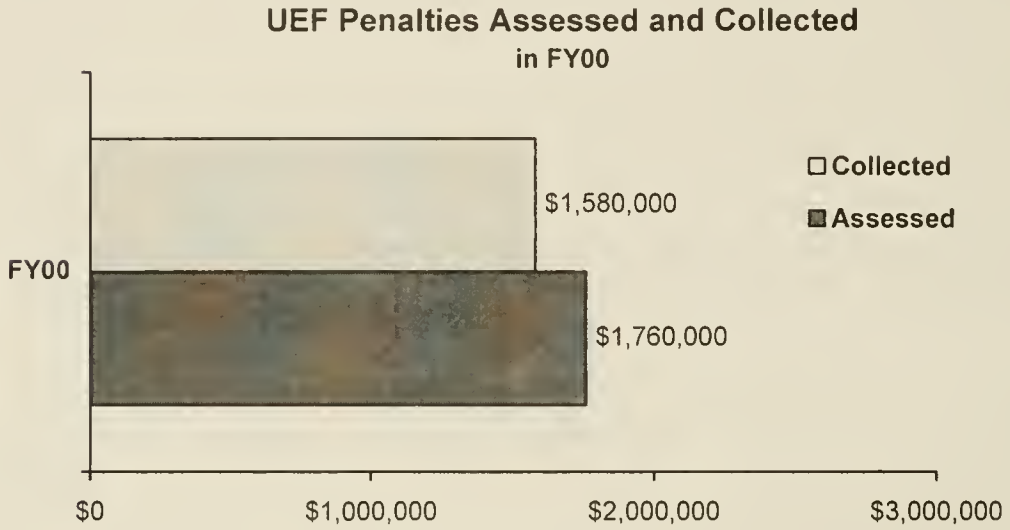
	FY96		FY97		FY98		FY99		FY00	
	Payments	Assessment	Payments	Assessment	Payments	Assessment	Payments	Assessment	Payments	Assessment
Plan 1	$202,663	$92,621	$162,380	$85,481	$49,938	$6,134	$134,228	$19,804	$42,200	$0
Plan 2	$12,979	$118,988	$36,116	$121,710	$74,675	$11,425	$101,196	$102,699	$16,195	$0
Plan 3	$134,836	$437,795	$71,190	$395,185	$112,575	$20,399	0	$22,524	549	$0
Total	***$350,477***	***$649,404***	***$269,686***	***$602,376***	***$237,188***	***$37,958***	***$235,424***	***$145,027***	***$58,944***	***$0***

Uninsured Employers Fund

The role of the Uninsured Employers' Fund (UEF) of the Employment Relations Division is to ensure employers comply with required workers' compensation laws so employees are properly covered by insurance. If employers are without appropriate workers' compensation insurance, the UEF provides benefits for their injured employees and pursues reimbursement from the uninsured employers.

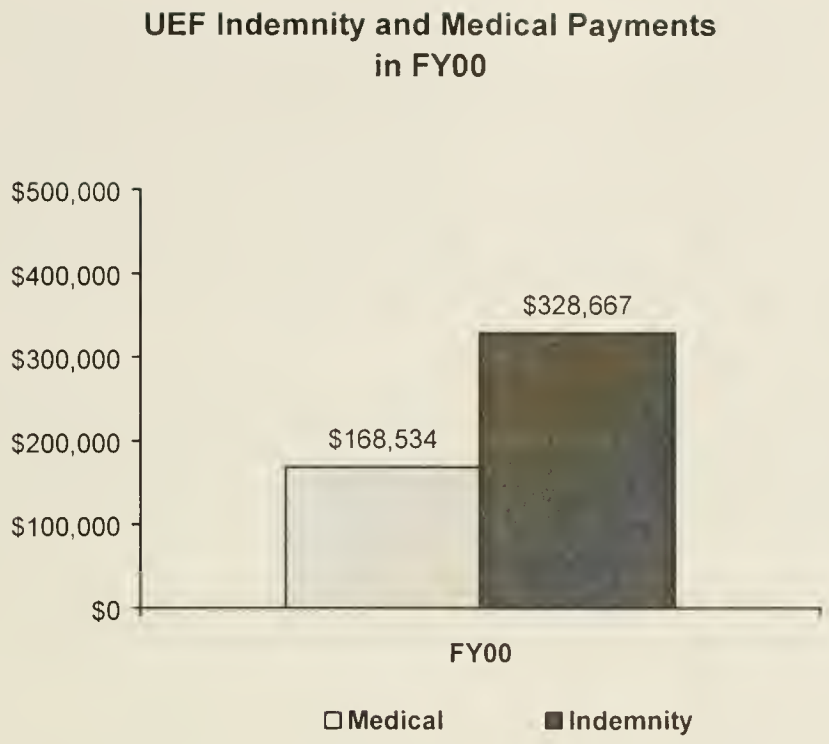
The UEF Unit also levies and collects penalties for the time the employer was uninsured. The department may require the uninsured employer to pay a penalty to the fund:

- up to double the insurance premium that would have been paid by the employer or
- $200, whichever is greater.



UEF Penalties Assessed and Collected
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Collected	$1,014,938	$1,606,177	$1,755,694	$1,077,146	$1,580,000
Assessed	$3,399,409	$6,730,598	$4,074,000	$1,957,279	$1,760,000



UEF Indemnity and Medical Payment
By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Medical	$255,422	$254,090	$454,766	$143,807	$168,534
Indemnity	$286,405	$323,806	$379,664	$293,185	$328,667
Total	***$541,826***	***$577,896***	***$834,430***	***$436,992***	***$497,201***

- The Uninsured Employers Fund recorded claims from 87 workers who were injured in FY00 and whose employers were uninsured.

Occupational Safety & Health

The Safety & Health Bureau is responsible for administering the state's occupational safety and health laws. This involves mandatory workplace safety inspections in public sector workplaces (city, county, state governments and schools), coal mines and sand and gravel operations. The Bureau's goal is to prevent employee illnesses and injuries by enforcing the intent of the various safety statutes and to support federally funded Occupational Safety and Health Administration (OSHA) voluntary programs in the private sector. The ultimate goal of all activities of the Safety Bureau is to reduce worker injuries and illnesses and lower workers' compensation premiums. Non-mining private sector employers are covered by federal OSHA with regard to inspection activities.

The Safety & Health Bureau inspects public workplaces and issues orders for correction of hazards to provide a safe work environment. Federal OSHA preempts inspecting private places of business. Safety and health consultations are available to private employers upon request, thanks to a grant from OSHA.

Mining inspections are conducted on surface and underground coal mines and sand and gravel operations. These mines are required to comply with safety and health standards contained in the mine safety statutes.

The Federal Mines Safety and Health Administration (MSHA) has provided the Safety Bureau with a training grant to conduct safety training for employers and employees of small mines. Mine operators are assisted in developing acceptable training plans so that their employees recognize hazardous conditions in a mining operation.

The Safety Culture Act, passed in the 1993 legislative session, is designed to foster safe work practices, beginning with the students in Montana's schools and progressing through to employers. Potential employees are taught as early as middle school the effect unsafe work practices can have on their lives and their workers' compensation insurance premiums under the act, employers in Montana are now required to implement an education-based safety program. Employers with more than five employees are required to have active safety committees.

Spring Creek Coal Company - Coal Shovel

Safety & Health Activities - FY00

Occupational Safety & Health	Employer Sector									
	Public					Private				
	FY96	FY97	FY98	FY99	FY00	FY96	FY97	FY98	FY99	FY00
Mandatory Inspections Performed	241	253	169	243	250	--	--	--	--	--
On-site Inspection Performed	--	--	--	--	--	106	109	175	169	207
Requests for Technical Assistance	179	307	280	344	292	202	291	409	437	356
Formal Training Sessions Conducted	23	60	54	34	24	28	42	44	34	61
Workers Trained	618	1,676	1,797	757	572	660	991	1,236	1,404	608

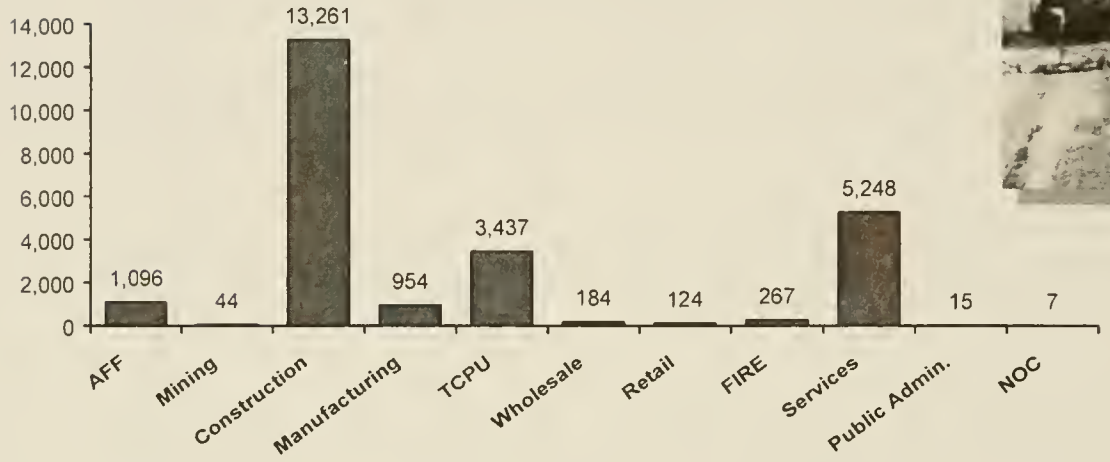
Mining Section	Coal					Metal/Nonmetal				
	FY96	FY97	FY98	FY99	FY00	FY96	FY97	FY98	FY99	FY00
Inspections Performed	57	88	79	42	32	196	212	192	146	160
Mine Training Sessions Conducted	12	9	22	17	11	85	96	83	78	61
Workers Trained	372	225	705	770	156	980	1,134	1,144	844	864
Coal Mine Foreman Training Sessions Conducted	5	7	10	2	1	--	--	--	--	--
Coal Mine Foreman Trained	66	47	82	18	11	--	--	--	--	--

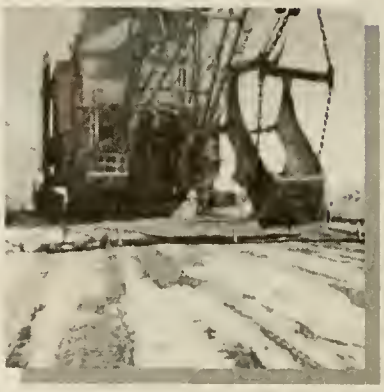
Spring Creek Coal Company - loading coal

Independent Contractor Exemptions

Independent contractors (IC) are individuals who offer their services in an occupation, are free of control, and have their own established business. The law requires these individuals to carry workers' compensation coverage on themselves, or they may apply for an independent contractor exemption. By obtaining the exemption, the individuals waive their rights to workers' compensation and unemployment insurance benefits. The Employment Relations Division may ask for information or perform random verifications to assure the exemptions are issued correctly. Exemptions were first enacted by the 1983 legislature.

Distribution of Active Independent Contractor Exemptions By Standard Industrial Classification* in FY00





Spring creek Coal Company - Page 757 dragline

Notes:
AFF = Agriculture, Forestry & Fishing
TCPU = Transportation, Communication & Public Utilities
FIRE = Finance, Insurance & Real Estate
NOC means Not Otherwise Classified
* Refer to Industry Division under Methodology in the appendix for an explanation.

Distribution of Independent Contractor Exemptions By Fiscal Year

	FY96	FY97	FY98	FY99	FY00
Active IC Exemptions	11,536	12,971	14,429	20,025	24,637

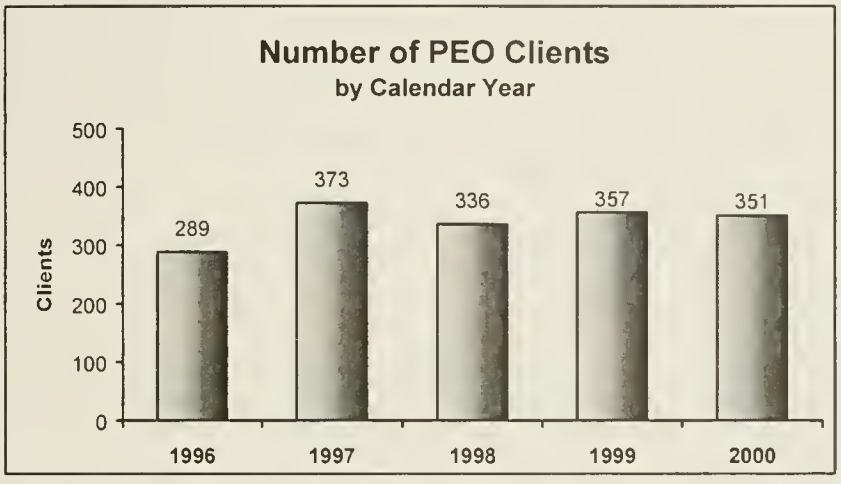
- As of June 30, 2000, there were 24,637 active independent contractor exemptions.
- There were 4,824 new exemptions issued during FY00 and 1,400 renewals issued.
- Construction accounted for approximately 53% of all new exemptions. The service industry had the second largest number of exemptions, 23%.

Professional Employer Organizations

Professional Employer Organizations (PEOs) must be licensed by the Department of Labor and Industry prior to supplying permanent workers to client companies. In general, PEOs contract with client companies to provide permanent workers and other payroll-related services.

Leasing activity in Montana has risen steadily since the implementation of the PEO Act in July 1995. There are currently 15 PEOs licensed in Montana who lease employees to 351 Montana businesses.

For calendar year 2000, an average of 2,686 employees were leased from PEOs in Montana. This is a 21% increase over the average number of employees leased in 1996.



Data Source: Points (Department of Revenue, Unemployment Insurance Division)

Appendices . . .

Definitions

Methodology

Data Sources

Future Annual Reports

Internet Site

Definitions

Calendar Year: The year beginning January 1st, and ending December 31st.

Cause Code: The code that corresponds to the cause of injury or occupational disease. The IAIABC codes for cause are divided into nine categories. The ninth category, "All Other Claims, NOC (Not Otherwise Classified)", was created to account for the records that did not have a cause code entered.

Burn or Exposure: Includes hot or cold objects, chemical, fire, welding, scalds, temperature exposure, and radiation.

Caught in or Between: Includes caught in or between machinery, an object being handled, and miscellaneous objects such as earth slides or collapsing buildings.

Puncture or Cut: Includes punctures, cuts, or scrapes as a result of broken glass, hand tools, utensils, power tools, appliances, or guns.

Fall, Slip, Trip: Includes falling from a different level or on the same level, ladder or scaffolding falls, slipping on liquid or grease, ice or snow slips and falls into openings.

Vehicle Related: Includes collisions with another vehicle or fixed object, rollovers, rough riding, and airplane, water vehicle or rail vehicle crashes.

Strain, Jump or Lift: Includes jumping, twisting, holding or carrying objects, lifting, pushing, pulling, reaching, overexertion, and throwing.

Hit Against or Step on Object: Includes moving machine parts, objects being lifted, sanding, or scraping operations, stationary objects, and stepping on sharp objects.

Struck by Object: Includes falling or flying objects, hand tools or machines in use, co-workers, or patients, motor vehicles, moving machine parts and objects handled by others.

All Other Claims, NOC: Includes animal and insect bites, explosions, foreign body in eye, injury or stress from an assault, and causes that occur over a period of time. Absorption, injection or inhalation not otherwise classified; includes all records where cause was not reported on the First Report of Injury or where the code could not be converted to IAIABC codes.

Employment Relations Division (ERD): The State of Montana's regulatory agency for workers' compensation. This division is part of the Department of Labor and Industry.

Fiscal Year: The State of Montana's fiscal year, beginning July 1, and ending June 30 of the following year.

First Report of Injury (FROI): The initial report designed to notify parties of the occurrence of an injury or illness; contains basic claim information regarding the who, what and how of an occupational injury or illness.

Indemnity Payments: Payments made by the insurer to the injured worker to compensate for the loss of wages resulting from an injury or occupational disease.

International Association of Industrial Accident Boards and Commissions (IAIABC): An organization of workers' compensation specialists including government officials and regulators, business and labor leaders, medical providers, law firms, insurance carriers, and

rehabilitation and safety experts. Through efforts that began independently, working groups worked jointly to recommend the collection of certain basic data elements in order to understand and monitor developments in the workers compensation arena. Standards have been developed for communicating data electronically through Electronic Data Interchange (EDI).

Nature Code: The code that corresponds to the nature of the injury or occupational disease. The IAIABC codes for nature are divided into eight categories. A ninth category "All Other Claims, NOC", was created to account for the records that did not have a nature code entered.

Sprain or Rupture: Includes strains, dislocations, hernias, organ ruptures, and trauma to joints or muscles.

Bruise or Swelling: Includes contusions, broken blood vessels, and inflammation.

Cut or Abrasion: Includes slivers, lodged small objects, open wounds, scrapes, and needle sticks.

Fracture: Includes any breaking of a bone.

Occupational Disease: Includes repetitive motion, loss of hearing or sight, respiratory conditions, poisoning, mental disorders, radiation, heart disease, cancer, AIDS, carpal tunnel, and any disease resulting from work related experiences.

Amputation: Includes loss of a limb that involves bone, loss of part of an organ, enucleation, or severance of a body part.

Burn or Exposure: Includes electrical shocks, chemical burns, temperature extremes, freezing, sunburns, heat stroke, and lightning.

Multiple Injuries

All Other Claims, NOC: Includes asphyxiation, loss of circulation, infection, concussion, heart problems, vision loss, hearing loss, poisoning, fainting, no physical or psychological injuries; includes all records where nature code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Other Benefits Code: A code that identifies the type of other benefits paid to date or recovered for an injury or occupational disease. The following are IAIABC code definitions:

Funeral Expenses Paid to Date: Sum of the funeral expenses for this claim.

Insurers Legal Expense Paid to Date: Sum of the employer's legal expenses paid for this claim.

Total Payments to Physicians: Sum of services paid to physicians for this claim.

Hospital Costs Paid to Date: Sum of costs of both inpatient and outpatient services which the injured employee received because of the work related injury.

Other Medical Paid to Date: Sum of medical costs not included in payments to physicians or hospital costs, i.e. laboratory tests, prescriptions.

Vocational Rehabilitation Evaluation Expense Paid to Date: Sum of vocational rehabilitation evaluation services (testing and evaluating the claimant's ability, aptitude, or attitude in determining suitability for vocational rehabilitation or placement) for this claim.

Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation education payments (including tuition, books, tools, transportation and additional living expenses) for this claim.

Other Vocational Rehabilitation Education Paid to Date: Sum of vocational rehabilitation services not otherwise reported for this claim.

Consultant/Expert Witness Fees Paid to Date by Insurer: Sum of fees paid to expert witnesses (in a legal proceeding for expert testimony or opinion) for this claim.

Employer's Deductibles Recovery: Sum of monies recovered through Insured reimbursement of deductible amounts for this claim.

Subrogation Recovery: Sum of monies recovered through subrogation for this claim.
Overpayment Recovery: Sum of monies recovered due to overpayment of indemnity, medical or expenses for a claim.
Unspecified Recovery: Sum of monies recovered through salvage, apportionment/contribution, and all others not otherwise defined for a claim.

Part of Body Code: The code which correspond to the part of body to which the employee sustained injury or occupational disease. The IAIABC code definitions for part of body are divided into nine categories. A tenth category was reported as "All Other Claims, NOC", was created to account for the records that did not have a part of body code entered.

Head: Includes skull, brain, ear, eye, nose teeth mouth soft tissue, facial bones and multiple head injuries.
Neck: Includes vertebrae, disc, spinal cord, larynx, soft tissue, trachea and multiple neck injury.
Upper Extremity: Includes shoulder, elbow, upper arm, lower arm, hand, fingers and thumb; does not include hand and wrist or just wrist injuries.
Wrist: Includes hand and wrist or just wrist injuries.
Trunk: Includes chest, ribs, sternum, sacrum and coccyx, pelvis, spinal cord, internal organs, heart, lungs, buttocks and abdomen; does not include the upper or lower back, disc or lumbar and sacral vertebrae.
Back: Includes the upper and lower back, disc, or lumbar and sacral vertebrae.
Lower Extremity: Includes hip, upper leg, lower leg, ankle, foot and toe.
Knee
Multiple Parts: Includes multiple body parts or body systems.
All Other Claims, NOC: Includes all records where the part of body code was reported as "unclassified", the code was not reported on the First Report of Injury, or the code could not be converted to IAIABC codes.

Occupational Injury: A cut, fracture, sprain, amputation, or other physical harm, which results from a work accident on a single day or during a single work shift.

Occupational Disease (OD): Harm or damage caused by work-related events that occur on more than a single day or work shift. It includes acute chronic illnesses or diseases caused by inhalation, absorption, ingestion, or overuse syndrome.

Permanent Partial Disability (PPD): Permanent impairment resulting from an injury, after achieving maximum medical improvement, that impairs the worker's ability to work and causes an actual wage loss.

Permanent Total Disability (PTD): A physical condition resulting from an injury or occupational disease, after achieving maximum medical improvement, in which the worker has no reasonable prospect of physically performing regular employment.

Plan Type: The type of workers' compensation insurance coverage chosen by an employer. There are three different types of insurance plans:

Plan 1: Self-insurance provided by employers who have sufficient financial strength to cover potential workers' compensation claims. If an injury occurs, a self-insured employer will pay the expenses and benefits.
Plan 2: Insurance coverage provided by a private insurance company.

Plan 3: Insurance coverage provided by the State Compensation Insurance Fund (State Fund).

Professional Employer Organizations (PEOs): Professional employer organizations provide human resource services for small to medium size businesses. Examples of services provided by PEOs are staffing, securing unemployment and workers' compensation insurance, and handling payroll taxes and medical benefits. PEOs must be licensed by the Department of Labor and Industry prior to supplying workers to client companies.

Standard Industrial Classification (SIC) Codes: Codes used to categorize employers by industry. The codes are published by the Federal Office of Management and Budget and can be found in the 1987 Standard Industrial Classification Manual. The codes are grouped into ten different industrial divisions, as listed below with examples of each division.

Agriculture, Forestry & Fishing (AFF): Includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting, trapping, and related services.

Mining: Includes all establishments engaged in the extraction of minerals occurring naturally, and also includes quarrying, well operations, milling, and other preparation customarily done at the mine site, or as a part of mining activity. Exploration and development of mineral properties are included.

Construction: Includes establishments performing new work, additions, alterations, reconstruction, installations, and repairs. Three broad types of construction activity are covered: building construction by general contractors, heavy construction other than building by general contractors, and construction activity by other special trade contractors.

Manufacturing: Includes establishments engaged in the mechanical and chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power driven machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins, or liquors.

Transportation, Communication, and Public Utilities (TCPU): Includes establishments providing to the general public, or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water, or sanitary services, and all establishments of the United States Postal Service.

Wholesale Trade: Includes establishments or places of business primarily engaged in selling merchandise to retailers, to industrial, commercial, institutional, farm, construction contractors, or professional business users, or to other wholesale; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Retail Trade: Includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods.

Finance, Insurance and Real Estate (FIRE): Finance includes depository institutions, non-depository credit institutions, holding companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate. Establishments primarily engaged in the construction of buildings for sale are classified in Construction.

Services: Includes establishments primarily engaged in providing a wide variety of services for individuals, business or government establishments, and other organizations such as, hotels and other lodging places; establishments providing personal, business, repair, and amusement services; health, legal, engineering, and other professional services; educational institutions; and membership organizations.
Public Administration: Includes the executive, legislative, judicial, administrative and regulatory activities of federal, state and local governments.

Subsequent Report: A form that gathers information at specific intervals about the date benefit payments begin, paid amounts by benefit type, and case progress information.

Temporary Partial Disability (TPD): A physical condition resulting from an injury, prior to achieving maximum medical improvement, that causes a partial loss of wages.

Temporary Total Disability (TTD): A physical condition resulting from an injury or occupational disease, prior to achieving maximum medical improvement, that causes a total loss of wages.

Methodology

Occupational Disease and Injury Data
All injury data included in this report are gathered from the First Report of Injury. The form is completed and submitted to the Employment Relations Division (ERD) by employees, employers, or insurers. The form includes only six mandatory fields. Non-mandatory fields such as gender, birth date, and hire date were often left blank. Limiting the number of mandatory fields was the balance achieved to ensure the value of the information was commensurate with the cost of collection. Because this report uses non-mandatory data, subcategories shown in the various tables may not add up to the total number of records because inaccurate or missing data were omitted.

This report includes all injuries reported to ERD, however, all injuries occurring in Montana may not have been reported.

Year-to-Year Comparisons
Whenever possible the data is presented with a comparison between FY96, FY97, FY98, FY99 and FY00.

Subsequent Report Data
All payment and duration data included in the Subsequent Report sections of this report are gathered from the Subsequent Report or settlement petitions approved by ERD. The Subsequent Report form is completed for each individual indemnity claim and submitted to the Employment Relations Division (ERD) by adjusters or insurers. The form includes 38 fields such as claimant identification information, status of the claim, type of benefits paid, benefit payment amounts and duration of benefits.

The information received from the subsequent report and settlement petitions was combined. The payment and duration information contained in this report represents the average reported on indemnity claims only. Payments made on medical only claims are not included in the averages. To allow for comparison, whenever possible the information is grouped by type of disability, type of benefit payment, and date of injury or occupational disease.

The data includes information reported to ERD on injury and occupational disease claims closed or settled in FY00. Subsequent reports may not have been submitted to ERD for all indemnity claims.

Industry Divisions
To allow for comparison, whenever possible the information is grouped by industry division. Standard Industrial Classification (SIC) Codes are used for this purpose. The SIC information is not reported to ERD and was obtained from other sources, which were unreliable at times. Consequently, SIC Codes are missing in several places and are marked as "NOC - Not Otherwise Classified" on the graphs.

Data Sources

Workers' Compensation Database
The database system was built at the request of the legislature to provide management information. Employers, insurers, attorneys, medical providers, and other parties of the workers' compensation community in Montana provide data for the system.

Hearings Bureau
The Department of Labor and Industry, Hearings Bureau provided contested Case Hearings data.

Workers' Compensation Court
Workers' Compensation Court data were provided by the Court, which is administratively attached to the Department of Labor and Industry.

Department of Labor and Industry, Workers' Compensation Regulation Bureau
The Workers' Compensation Regulation Bureau provided data for the following sections of the report: Plan 1 Gross Annual Payroll, Plan 2 and 3 premium dollars, Professional Employer Organizations (PEOs), Indemnity and Medical Benefits, Subsequent Injury Fund, and Managed Care Organizations (MCOs).

Department of Labor and Industry, Mediation Unit
Mediation section data were provided by the Mediation Unit of the Employment Relations Division from the unit's database.

Department of Labor and Industry, Safety Bureau
Safety section data were provided by the Safety Bureau of the Employment Relations Division from the unit's database.

Administrative Assessment Report
Cost of regulatory functions data were provided by ERD's Administrative Assessment Reports beginning with fiscal year 1996 through fiscal year 2000.

Contracted Services

Insurance Services Office, Inc.
Insurance Services Office, Inc. is the leading supplier of statistical, actuarial, and underwriting information for and about the property/casualty insurance industry. ISO is a recent entrant into the workers' compensation field and provides data analysis to the Employment Relations Division on a contract basis.

Future Annual Reports

If you have suggestions or comments about this annual report, please share them with us. We are most interested in discovering anything that will make this report more useful to Montanans in general and the workers' compensation system in particular. You may direct your comments to:

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Internet Site

This report and previous reports are available on the Internet at the following web site:

http://erd.dli.state.mt.us/WorkCompClaims/WCChome.htm

Other Information Available

Special Studies (available by request)

- Occupational Injuries/Illnesses, by Age & Gender
- Analysis of Wage Replacement Benefits Study – Background Data
- Attorney Fee Supplement to Settlement Attorney Fees

400 copies of this public document were published at an estimated cost of $5.43 per copy, for a total cost of $2,172.00, which includes $1,592.00 for printing and $580.00 for distribution.